

سكاي نيوز

IG MARKET FOCUS
Argentina given
benefit of doubt

Weekend



A French farce
Theirs was a modest gesture, but it struck at the heart of the establishment in Paris



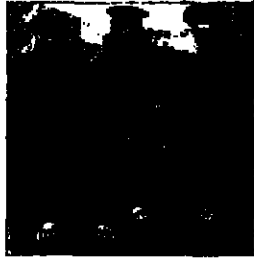
Still on the boil
All we created in Australia can't be replaced by the English monarch, and that's the truth

FT
FINANCIAL TIMES
APRIL 18 / APRIL 19 1998

Weekend



Feathered bird
I am a phoenix emerging from the ashes of persecution, more beautiful, godly and enlightened



Flanders' fallen
One old boy could not find the sewing machine shop in a town where he had been based, back in 1917

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Goldman set to consider going public

Flotation could bring partners up to \$80m each if they back plan in June

By William Lewis and Tracy Corrigan in New York

Goldman Sachs, one of the world's most successful investment banks, is to re-examine plans for a stock market flotation which could value the partnership at more than \$200m.

A flotation would be one of the biggest bonanzas in Wall Street's history with some partners receiving payouts of as much as \$90m if the whole bank went public, according to some estimates.

Wall Street's largest remaining partnership will discuss and vote on a share offering at its annual meeting scheduled to start on June 19 in New York, people close to Goldman said yesterday.

Partners in Goldman offices around the world were notified of details of the meeting this week. While the agenda is yet to be published, some close to the bank said a flotation would be formally discussed as part of a review of Goldman's capital structure.

Analysts said that if partners proceed with a plan to go public at 3.5 times book value, it would value the bank at about \$220m.

Two years ago, partners decided to retain Goldman's 130-year-old structure and rejected a plan for a public stock offering. The decision followed divisions between recently elected and longer serving partners, who stood to gain more by a flotation.

This will be the seventh time the firm has discussed going public over the past 27 years. During the same period, all other leading securities houses have gone public or become part of larger public companies. "Momentum is

pushing toward going public," one partner said.

There are approximately 190 full partners at Goldman who will vote on the possible flotation. In addition, 210 managing directors are likely to be asked to approve the decision.

Last year, Jon Corzine, Goldman's chairman and chief executive, said going public was not on the agenda. However, the combination of strong equity markets and consolidation in the financial services industry has led a large group of Goldman partners to push for another formal discussion about a public sale.

A number of partners are said to be against floating the firm. Among them is said to be at least one member of the six-person executive committee.

At the 1996 meeting, Mr Corzine cut off debate about going public after it became clear that a large number of newly appointed partners had strong reservations. No formal vote was taken.

"We are very far from having a done deal here," said another partner. However, he added that following recent mega-mergers such as Citicorp/Travelers, "The world has changed. We have to look at what we want to be when we grow up."

Going public would enable Goldman to use its own stock to make acquisitions. However some partners believe a flotation would make it a potential acquisition target. "There are some partners who think, if we are going to take that route, why not sell ourselves right now," one partner said.



SPD backs Schröder for chancellor

Germany's opposition Social Democrat party pledged to back Gerhard Schröder (left) as candidate for chancellor in the September general election. Mr Schröder, who was boosted by an endorsement from Helmut Schmidt (right), the former SPD chancellor, was confirmed as candidate by 479 delegates to 24. The 93.4 per cent share of vote was lower than that of previous SPD candidates

European bank dispute may lead to compromise choice

By Barbara Smit in Amsterdam and Lionel Barber and Simon Kuper in London

The chances of a compromise candidate becoming president of the future European Central Bank rose yesterday after the Dutch and French governments appeared to harden their opposition to each other's candidate.

Wim Kok, the Dutch prime minister, said on Thursday night he would veto the appointment of Jean-Claude Trichet, governor of the Banque de France, as ECB president if France blocked Wim Duisenberg, the Dutch candidate.

"If Duisenberg is blocked, I will not back a Frenchman. That is out of the question," Mr Kok said hours after Jacques Chirac, the French president, had confirmed his support for Mr Trichet.

The French government yesterday reiterated its support for Mr Trichet following Mr Kok's outburst and suggested the chance of a third candidate emerging was rising. A candidate must receive the unanimous support of the countries participating in the single currency.

The long simmering dispute could disrupt next month's meeting to select the first ECB president and formally determine which countries are to take part in the launch of the euro.

Mr Chirac said on Thursday it was preferable, but not essential, that a solution to the presidency be found by the meeting on May 2. But a delay in settling the ECB's leadership would hold up several other key decisions which are contingent on a president being selected.

Mr Duisenberg, president of the European Monetary Institute, the ECB's forerunner, looked sure to be appointed until Mr Chirac proposed Mr Trichet last November.

Mr Kok said that if France stood in the way of Mr Duisenberg "we could give them a taste of their own medicine". The Netherlands would say: "In that case Mr Trichet will not make it either." However, such a showdown would be "very damaging", he said.

Mr Kok's hardline stance comes when there is strong domestic pressure on the government, which faces a general election on May 6, to back Mr Duisenberg.

The latest statements by the French and Dutch leaders barely moved currency and bond markets.

US trade deficit at highest for six years

By Nancy Dunes and Mark Szeman in Washington

The US trade deficit reached its highest point since 1992 in February, reflecting the impact of the Asian crisis which has hit US exports to the region while making imports cheaper.

At \$12.1bn, the deficit was 4.3 per cent more than in January, while the politically-sensitive deficit with Japan rose 21.6 per cent.

This is likely to add to US demands for Japan to boost domestic demand to revive its stagnant economy. Criticism of Japan's lacklustre attempts to stimulate its economy reached a peak at the World Bank/International Monetary Fund spring meeting, which ended yesterday.

The deficit with Japan rose from \$4.3bn in January to \$5.3bn. The \$9.8bn deficit over the two months compares with \$8.6bn in the same period last year, partly reflecting the weakness of the yen against the dollar.

Earlier this week finance ministers of the Group of Seven leading industrial countries meeting in Washington issued a joint communiqué warning Japan not to rely on a weak yen to export itself out of trouble.

Tokyo has unveiled several fiscal packages to address its economic problems. Details of a \$16,000bn (\$121bn) package will be revealed this week.

Analysts said the US's overall deficit was certain to deteriorate further over the year as exports continued to fall and Asian imports remained cheap.

The impact of the Asian crisis also was reflected in March's 0.2 per cent rise in the industrial production index, released yesterday by the Federal Reserve. Output of high technology products was flat after easing in February. US manufacturing output declined 0.2 per cent for the second straight month in March, while production of business equipment fell for the third consecutive month. Economists are now predicting that the trade deficit will take between 1 and 2 points of growth this year.

IMF urged to take firm hand with stubborn governments, Page 3

News General

Blair seeks EU role in Mideast

UK prime minister Tony Blair will call tomorrow for an enhanced role for the European Union in the Middle East peace process. His office said he had the backing of European leaders and President Clinton in pursuing the new initiative during his five-day tour of the region. The EU is a significant contributor to Palestinian economic development. Page 3

Student protests spell trouble for Indonesia

The appearance of students among angry demonstrators in Jakarta was an ominous sign for the Indonesian government's effort to curb spreading protests. Commentators say momentum is building towards May 20, the anniversary of the founding of Indonesia's first nationalist movement in 1908, known as "National Day of Uprising". Page 3

UK and Irish leaders promote Ulster pact

The prime ministers of Ireland and the UK increased their efforts to rally support for the Northern Ireland peace deal on the eve of important meetings about the agreement by political activists in the region. Bertie Ahern sent a message to nearly 4,000 members of his Fianna Fail party in the Irish republic saying the agreement provided "a basis for peace and democratic evolution from which all will benefit". Page 5

Schröder gets party backing to oppose Kohl

Germany's opposition Social Democrat party yesterday pledged to stand united behind Gerhard Schröder as its candidate for chancellor in the September 27 general election and strongly backed his policy of seeking support in the centre of the nation's political spectrum. Page 2

Moderate mayor shakes up Iran

Earlier this week the Iranian authorities released on bail the mayor of Tehran, whose arrest on charges of corruption had provoked police clashes with students and a power struggle between his moderate supporters and conservative opponents. Ghoharhossein Karubi is now at the centre of the sandstorms swirling around Iran's political landscape. See in this issue, Page 7

News Business

Second Canadian bank merger

Canadian Imperial Bank of Commerce and Toronto Dominion Bank are planning to merge, creating North America's tenth-largest bank with a market capitalisation of \$250bn and assets of \$540bn. They are the second pair of Canadian banks this year to reveal merger plans, increasing pressure on regulators to remove restraints on consolidation of the financial services sector. Page 24

Nissan warns of 80% profits fall

Nissan, Japan's second-biggest carmaker, warned that consolidated net profits for the year to the end of March would fall nearly 80 per cent. It blamed losses on its securities portfolio and poor profitability in its domestic and North American operations. Page 23, Lex, Page 24

IMF interest rate worries hit European markets

The rally in European stock markets came to an end this week, hit by declines on Wall Street. The European 100 index closed 21.58 lower yesterday at 2,818.48, representing a 60 point fall for the week. Market sentiment was also hurt by a report from the IMF warning that the US and UK might have to raise interest rates, which could lead to "significant corrections" in bond and stock markets. London stocks, Page 17; World stocks, Page 21; Markets, FT Weekend Page XXXI

Internet commerce comes of age

Nearly 5bn people traded stocks via the internet last year. Dell generates computer sales of \$4m a day from its website, up from \$1m less than a year ago; and Price Waterhouse says business-to-business trade on the net doubled every six months in 1996-97 and is now doubling every three to four months. Has e-commerce achieved critical mass? Page 6

Fallout from the race for profits

Wall Street's rampant bull market may be hiding underlying problems for investment banks and securities firms, as rivals squeeze fees in the race for business. That, brings down margins and the industry's high fixed costs, particularly salaries, may leave it vulnerable to a downturn. Page 7

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WORLD NEWS

Kiriienko rejected for second time

By Charles Clover and Arkady Ostrovsky in Moscow

President Boris Yeltsin yesterday pushed the country to the edge of a political crisis when he renominated Sergei Kiriienko for prime minister after parliament had earlier rejected his candidacy for a second time.

The Duma's decisive rejection of Mr Kiriienko sets the stage for a showdown next week when the lower house will vote on Mr Kiriienko for a third and final time.

If parliament rejects Mr Kiriienko for a third time Mr Yeltsin has the power to dissolve it and call new elections. Mr Yeltsin seemed unfazed by this latest setback and departed from Moscow last night for Japan, where he will hold talks with Ryutaro Hashimoto, the prime minister.

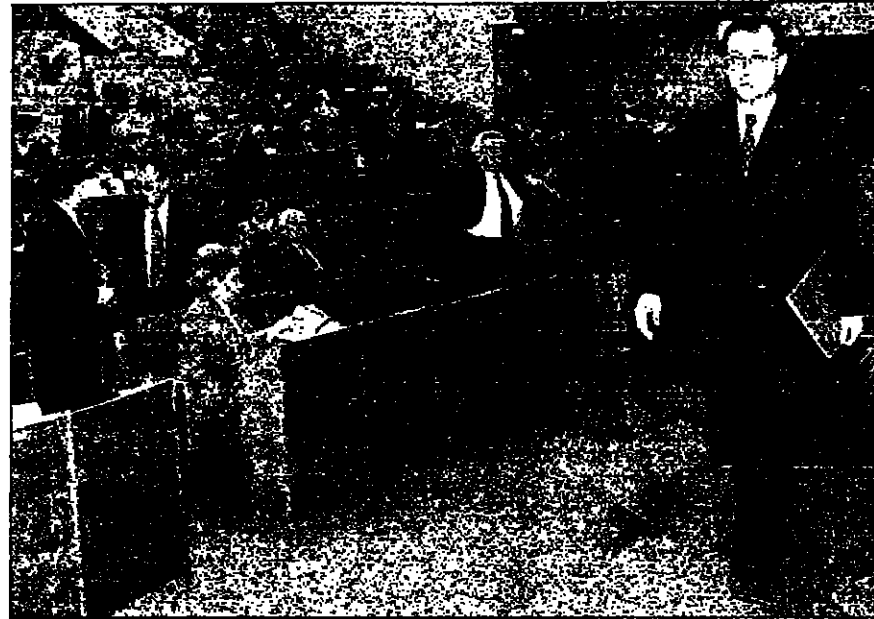
In March, Mr Yeltsin sacked his entire cabinet, including Victor Chernomyrdin, the prime minister, and chose Mr Kiriienko, the 35-year-old former energy minister, as his nominee for the post. The Duma is largely opposed to Mr Kiriienko, whom it considers inexperienced,

and Mr Yeltsin's attempts to ram his nomination through have only aggravated the legislators' opposition.

Gennady Zyuganov, leader of the Communist party and the main opponent of Mr Kiriienko's candidacy, emerged victorious from the Duma chamber after the vote, saying: "I told you that he would not get the support of the Duma, and indeed, he didn't even get the third of the vote that he got previously." Only 115 out of 450 deputies voted for Mr Kiriienko yesterday, down from 143 the week before. Mr Kiriienko needed 226 votes to be confirmed.

The critical factor, according to many analysts, was that yesterday's vote was held via open ballot, rather than secretly, like last week's vote, meaning that political parties were better able to exercise discipline over their members.

Only two out of 132 Communist deputies voted for Mr Kiriienko, putting to rest rumours of a split in Communist ranks, which started last week when Gennady Seleznev, the communist



Sergei Kiriienko makes a quick exit after his speech to parliament

speaker of the Duma, spoke out in favour of Mr Kiriienko, while Mr Zyuganov maintained his steadfast opposition.

The Communists' allies, the Agrarian party and the People's Power party, also voted against Mr Kiriienko,

as did Vladimir Zhirinovskiy's ultra-nationalist Liberal Democratic party, and the liberal Yabloko party.

This is a signal that the Duma is ready to go to a direct confrontation with Mr Yeltsin, said Andrei Piontovsky, director of the

week of its central committee to discuss the matter.

"Most of the deputies are more pragmatic than the president," observed Nikolai Petrov, an analyst at the Carnegie Moscow Centre. "The only danger is that Mr Yeltsin's rough tactics will leave them no choice but to oppose Mr Kiriienko."

The Duma has a history of backing down to the Kremlin. It is owed by the memory of 1993 when Yeltsin ended a stand-off by turning his tanks on the Duma.

Alexander Zhirinovskiy, chairman of Menapet, one of Russia's largest banks, said: "If Yeltsin dissolves the Duma... this year could be wasted, as far as the capital market is concerned. All our plans to place ADRs and issue eurobonds would be scrapped. We can work with any prime minister be it Kiriienko or someone else, as long as there is one."

But financial markets barely registered yesterday's vote, with yields on Russian government debt rising slightly, from 33 to 35 per cent, reflecting traders' beliefs that some accommodation could be found.

SPD backs Schröder to unseat Kohl

By Peter Norman in Leipzig

Germany's opposition Social Democratic party yesterday pledged to unite behind Gerhard Schröder as its candidate for chancellor in the September 27 general election and strongly backed his policy of seeking support in the centre of the nation's political spectrum.

At a carefully orchestrated special party congress, Mr Schröder was confirmed as chancellor candidate by 479 delegates against 24 No votes and 10 abstentions.

The 93.4 per cent share of the 513 valid votes cast was lower than that of previous SPD candidates during the 18 years of Chancellor Helmut Kohl's government but a remarkable achievement for a politician who has recently been strongly opposed by many party activists.

Mr Schröder's party managers had earlier said any result above 90 per cent would be a success.

Mr Schröder's campaign to unseat Mr Kohl was boosted significantly through a ringing endorsement from Helmut Schmidt, the 79-year-old former SPD chancellor. Mr Schmidt, a notable absentee at recent SPD congresses, won a standing ovation after delivering a withering attack on the Kohl government's record. Mr Schmidt said the SPD would need more than one four-year parliamentary term to repair the damage inflicted by Mr Kohl's government.

The spirit of party unity was underlined by a public demonstration of warmth between Mr Schmidt and Oskar Lafontaine, the SPD chairman, following years of cool relations between the two.

The harmony in the SPD was in marked contrast to recent serious quarrels between Mr Kohl's Christian Democratic Union and its Bavarian sister party, the Christian Social Union.

Yesterday's congress, with

its standing ovations and the now obligatory razzmatazz of new campaign tunes and slogans, was more than a "lovefest", however.

As if to counter government charges that he lacks substance, Mr Schröder devoted much of his one hour and 40 minutes speech to a detailed exposé of policies he would pursue if elected, and made a number of specific pledges. He put combating unemployment as the first priority and also declared he would take personal responsibility for the economic revitalisation of eastern Germany, where unemployment rates are twice west German levels.

He made clear his concern that the euro, the planned European single currency, would be endangered without greater co-ordination and more tax harmonisation in Europe.

Declaring the SPD's policy was "to ensure that the euro is not a débâcle", he pledged his government would work

for greater European integration when Germany holds the European Union presidency in the first half of 1999. "A single currency creates pressure to construct a Europe which is stronger in foreign policy and even more integrated internally," he said.

Both Mr Schröder and Mr Lafontaine stressed that closer co-ordination of policies in Europe was vital to tackle unemployment. But both also stressed the need for greater consensus and enterprise at home to create jobs.

Mr Schröder committed himself to an "alliance for jobs" between the government, trade unions and employers that would involve binding commitment to participate in the project. He declared the SPD's goal was a 35 per cent tax rate for all business income. Claiming unemployment will cost Germany DM180bn (\$88bn) this year, he asked: "Isn't it more sensible to finance jobs

rather than joblessness?"

Mr Schröder said all his government's decisions would be measured against the test of whether it preserved or created jobs.

In addition to expounding broad themes, Mr Schröder peppered his speech with specific pledges. His government, for example, would act to make banks more ready to provide risk capital, would cut the cost of international patents in Germany, and would have a thorough audit of the public finances after the Kohl years.

In a warning to the environmental Green party, which is a possible coalition partner for the SPD, he made clear his government would stay in NATO and participate in United Nations peace missions.

While encouraging the development of fuel efficient cars, he would not penalise commuters with the high petrol prices that are part of the Green election manifesto.

More aid for French cauliflower farmers

By Andrew Jack in Paris

The French government yesterday offered additional financial aid to cauliflower farmers in Brittany to cool a crisis which has come to the boil in the north-west of the country over the last few days.

Louis Le Penec, agriculture minister, promised a case-by-case examination of claims for support by up to 4,000 farmers, while condemning as unacceptable the violence and damage caused by their protests in the last few days.

The action by farmers followed a sharp drop in cauliflower prices triggered by high production levels. The farmers complained they had been put at a disadvantage over the past few years compared with their counterparts in Italy and Spain.

Yesterday, farmers were maintaining their blockade begun on Tuesday of a road bridge at Morlaix in the region, covering it with 400 tonnes of cauliflowers to prevent any traffic from crossing.

The government's decision came after a week of protests by cauliflower growers in Brittany, who caused damage estimated at more than FF5m (\$800,000) to signalling and other equipment owned by the SNCF, the French railway operator, disrupting rail traffic in the region.

Mr Le Penec's criticism of the farmers' action - coupled with a decision by the SNCF to launch legal action for compensation for the destruction caused - marks a hardening of the government's position following criticisms of France in the past over its unwillingness to intervene in blockades. But representatives of the farmers unions suggested the protests were likely to lessen following meetings with the government yesterday morning.

Alexis Gouvenec, head of SICA, the most important cauliflower production association in the region, said he would propose lifting the blockade, while Thierry Merrett, secretary general of the FDSRA, a regional farming union, said he "imagined" that the protests could now cease.

Mr Le Penec yesterday promised a "simple, rapid and personalised" examination of demands by farmers for financial support, and said that the cases should be dealt with in the next two months.

Aid for farmers, which has not been specified yet, comes in addition to FF50m already allocated by the government in the last few weeks, and FF77m in EU aid made available for the first time this year.

He said there would be talks on May 15 to deal with the wider questions of fruit and vegetable production around the country.

He said he hoped to involve representatives of the retail sector to discuss the substantial differences between the prices at which cauliflowers were sold in the shops and the prices paid to farmers.

NEWS DIGEST

CABINET OPENS WAY TO FRESH LEADERSHIP

Reformer set to take over as new Mongolian PM

A 35-year-old former journalist who helped topple Mongolia's communist rulers was set yesterday to take over as the nation's prime minister after the entire cabinet offered to resign.

Tsakhiaiglin Elbegdorj was among a group of young writers, artists, university teachers and students who rose up against seven decades of Soviet-backed communist rule and demanded democratic elections in the Asian nation. The communists were driven from power in 1990.

Mr Elbegdorj now heads the ruling Democratic Union Coalition as leader of its largest party, the National Democratic party (NDP).

He has been barred from joining the government under laws that prevented members of parliament from being elected to the cabinet. But those laws were changed this year, and on Thursday the Democratic Coalition decided that the head of its majority party should be prime minister.

The current nine-member cabinet is led by prime minister Mendsaikhan Enkhbaatar, who belongs to the second largest coalition group, the Social Democratic party (SDP). The reformist government took power in mid-1995.

Mr Elbegdorj graduated in 1988 from the Military Political University in the Ukraine, then part of the Soviet Union. He worked for two years as a correspondent on the military newspaper Red Star in Ulan Bator. Mongolians remember him as a young political radical standing on a chair to address pro-democracy crowds and hunger strikers in Ulan Bator's main square in 1990. Reuters, Ulan Bator

SOUTH AFRICA

Court ruling in rugby row

The South African Rugby Football Union won a court victory against President Nelson Mandela's government yesterday when a Pretoria judge ruled illegal a planned official inquiry into the union's financial affairs and its treatment of black players.

But Mr Mandela's lawyers said they would almost certainly appeal against the judgment.

The National Sports Council is threatening to call for an international boycott of South African rugby and withdraw the use of the springbok emblem if the Rugby Football Union's 47 executive committee members do not resign by May 7. Commercial sponsors of the sport, nervous about South African rugby's image, have also attacked the Union's leadership.

The case became the focus of the dispute over South African rugby's future when Mr Mandela had to appear in court as a witness. The Union argued that the inquiry should not proceed because Mr Mandela had just rubber-stamped a decision by Steve Tshwete, the sports minister, instead of applying his mind to the matter. Victor Mallet, Johannesburg

POL POT'S DEATH

No evidence of 'foul play'

The Thai military said yesterday an examination of the body of Pol Pot, the former Khmer Rouge leader and architect of Cambodia's "killing fields" regime, revealed no evidence of foul play.

A Khmer Rouge official said Pol Pot, who died on Wednesday in a guerrilla zone of northern Cambodia, would be cremated today. Khmer Rouge guerrillas said Pol Pot held responsible for the deaths of about 1.7m Cambodians during his 1975-79 rule, apparently died of a heart attack. The Thai military said his death seemed to be a natural one.

Pictures of Pol Pot's body were not broadcast on Cambodian television and only one Cambodian-language newspaper reported his death yesterday. Reuters, Sa-Ngum pass, Cambodia.

KOSOVO DISPUTE

Albanian plea for backing

Albania's parliament yesterday called for NATO troops to be deployed in Serbia's Kosovo province and called on US President Bill Clinton to follow his predecessor, George Bush, in "drawing a line" in Kosovo.

"The Albanian parliament demands the deployment of NATO troops to avoid the extension of the conflict and serve as a guarantee that military violence would not be exercised against unarmed civilians," a parliamentary resolution said. Parliament said Serbian military forces in Kosovo were continuing to wage violence on ethnic Albanians despite a Contact Group demand for Belgrade to start talks with ethnic Albanians. Kosovo's ethnic Albanians, representing 90 per cent of the province's population, seek independence. Serbia, which considers Kosovo the cradle of its history, is willing to grant autonomy.

Tension in Kosovo hit a new peak in February when at least 80 Albanians, including women and children, were killed in an attack by Serb police on suspected bastions of an underground separatist movement. Reuters, Tirana

SINGLE CURRENCY

Finnish vote favours Emu

Finnish parliamentary deputies yesterday roundly approved the country's participation in European economic and monetary union (Emu) from January 1 next year. The decision, by 135 votes to 61, removes the final hurdle to Finnish participation in Emu.

Although the outcome had been expected, the three-day debate was dominated by calls from the main opposition Centre party for the government to rethink its pro-Emu stance. The ruralist Centre party, led by Esko Aho, the former prime minister, argued Finland was not ready to commit itself to a single currency and should wait before joining.

However, Finland's Social Democratic-led five-party coalition - which spans conservatives and former communists - has been united in favour of early entry. An opinion poll published yesterday suggested voters were split on the issue, with 41 per cent favouring membership, 40 per cent against and 19 per cent undecided. Greg Melvor, Stockholm

HEALTH FEARS

Belgian move on animal feed

Belgium has freed up stocks of US citrus pulp to be used again in animal feed but material from Brazil remains imported, the farm ministry said yesterday.

Belgium issued a temporary block on the use of citrus pulp on April 8 over suspicions that shipments had been contaminated with cancer-causing dioxin. It was feared the dioxin could pass into dairy products and all stocks held in the country were impounded, pending an investigation.

The Netherlands has also banned the use of Brazilian citrus pulp after tests on two shipments from the country showed higher than normal dioxin levels. The Dutch tests followed a warning from German scientists, who made the link between increased dioxin levels in milk and citrus pulp. Tests on Dutch milk also revealed higher than normal dioxin. Reuters, Brussels

Latvia citizen reforms praised

By Matej Wipolinski in Riga

The Organisation for Security and Co-operation in Europe yesterday praised the Latvian government's decision to reform the naturalisation laws in order to speed up the integration of ethnic Russians.

Max von der Stoel, the OSCE's high commissioner on national minorities, welcomed the government's intention to abolish the "window" naturalisation system, by which only certain age groups can apply for citizenship in any given year.

It is hoped the revised law will speed up the integration of Latvia's 890,000 non-citizens, mostly ethnic Russians who have failed to apply for citizenship since the Baltic state regained its independence from the Soviet Union in 1991.

Latvia has recently been sharply criticised by Moscow, which alleges that the Baltic state violates the

human rights of the ethnic Russian population. Russia has threatened to impose trade sanctions and divert the flow of Russian oil from Latvia.

Speaking in Riga, Latvia's capital, Mr van der Stoel reiterated that there were no systematic violations of human rights of Latvia's ethnic Russians.

Earlier this week Madeleine Albright, US secretary of state, condemned Russia's strong-arm tactics against Latvia and urged the two countries to resolve their differences through diplomatic channels. The European Union, Britain, and Nordic countries have also condemned Moscow's campaign against the Baltic state.

Mr van der Stoel praised the Latvian government's support for a law to grant citizenship to all children born in Latvia since August 21, 1991, provided their stateless parents had legally resided in the country for at least five years.

Battlefield taxi workshare go-ahead

By Alexander Nicoll, Defence Correspondent

Germany, France and Britain have provisionally agreed on workshare arrangements which will allow them to place a \$3bn order for armoured vehicles next week.

The order for the so-called "battlefield taxi" is keenly awaited by Europe's arms industry, since it will be the only new vehicle to be produced in quantity for some years to come. It is likely to trigger rationalisation of the industry.

Germany's defence ministry, which is managing the procurement on behalf of all three governments, said yesterday it would make an announcement in the middle of next week about the preferred consortium to build the taxi, a flexible utility vehicle with wheels.

This type of vehicle is needed by modern armies seeking to make their forces prepared for peacekeeping

and rapid deployment.

Germany is almost certain to choose a consortium including Krauss-Maffei, Mak and Wegmann of Germany, GKN of the UK, and Giat of France over the rival bid from Henschel and Kuka of Germany, Vickers and Alvis of the UK and Panhard of France.

The choice between the two consortia was put off earlier this month because of a late decision by the French government to participate in the project. Members of the Krauss-Maffei consortium and the three defence ministries have been negotiating the division of work, and in particular the share of Giat, the French state-owned armaments maker. An agreement is understood to have been reached this week between Krauss-Maffei, GKN and Giat.

Officials of the three ministries subsequently reached an accord on the terms of Giat's entry, subject to approval at a further meeting of officials due to be held in Germany on Monday. The losing consortium is likely to protest at the handling of the order, raising questions about the German procurement agency's refusal to consider its late attempt to submit an eight-wheeled design and allow a competition between prototypes.

Since each government equally funded earlier stages of the project, the work is almost certain to be divided equally between the three countries. Within this guideline, however, there is considerable room for negotiation with each wanting a share of work involving advanced technology.

The contract will initially be for 600 multi-role armoured vehicles but each partner country currently has a total requirement for about 1,000.

The Netherlands is expected to order 600-800, and there is likely to be healthy export potential. Each vehicle will cost about \$1m.

ITALIAN BUDGET GROUNDWORK FOR EURO INCLUDES CUTTING DEFICIT AND DEBT BURDEN

Prodi pledges fiscal tightening

By James Gritz in Rome

The Italian government yesterday sought to seal its bid to join the future single European currency by publishing an outline budget aimed at reducing the public sector deficit next year to 2 per cent of gross domestic product.

Amid growing signs that the proposed budget will be approved by a parliamentary commission within the next two weeks, Romano Prodi's administration set out plans designed to reduce the country's budget deficit and overall debt burden between now and 2001.

In an attempt to allay other European Union countries' fears about the state of Italy's public

finances, the budget document, known as the DPEF, pledged fiscal tightening to bring the annual budget deficit down from 2.7 per cent in 1997 to 1 per cent in 2001.

At the same time, the government has promised to bring Italy's overall debt down to 107 per cent of GDP in 2001, with a promise of reaching 100 per cent in 2003.

Italy's debt - which in value terms makes up at least a quarter of all debt among countries likely to join the first wave of the euro, the future single currency - was about 121 per cent of GDP last year. The size of the debt is at the centre of EU concerns about whether Italy can

sustain euro membership.

Many of the details in the DPEF are aimed at reassuring EU heads of government ahead of a meeting on May 2 to determine which European Union countries are to take part in the launch of the euro.

Mr Prodi's government has pledged to keep a primary surplus - the difference between revenues and expenditure excluding interest payments on debt - of 5.5 per cent of GDP for each of the next three years.

This will require the government to keep total revenues above expenditure (net of debt) by a margin of L13,500bn (\$7.4bn) in 1997, L4,000bn in 2000 and

L2,000bn in 2001.

The government has also sought to try to allay fears inside Italy that the tax burden and unemployment remain far too high.

While maintaining an overall squeeze on the public finances, the DPEF contains proposals to reduce the overall tax burden from 48.8 per cent of GDP in 1999 to 46.6 per cent in 2001.

The specific public spending reductions needed to offset the lighter tax squeeze will only be made clear in the autumn.

At the same time, the government believes that real GDP growth next year of 2.7 per cent and of 2.9 per cent the following two years will help create 700,000 jobs between now and 2001.

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CARROT AND STICK THE SUHARTO GOVERNMENT HAS ALTERNATED BETWEEN BRUTAL SUPPRESSION AND ATTEMPTS AT CONCILIATION AS DEFIANCE INCREASES

Student protests gain momentum in Indonesia

By Owen Robinson in Jakarta

The mingling of bright blue and yellow coats in a crowd of angry demonstrators in Jakarta this week was an ominous sign for the Indonesian government's effort to curb spreading protests.

The yellow coats were the familiar uniforms of students at the University of Indonesia. The blue jackets were worn by their counterparts from a nearby university.

They had defied government orders confining protests to campus and had marched along a main road to join their colleagues. In the first significant attempt by student activists to link up their fragmented movements, groups from other universities later joined in.

A banner draped on the campus fence read: "IMF: Make sure you don't give your loan to a corrupt government," referring to Indonesia's economic reform agreement last week with the International Monetary Fund for a \$43bn rescue package.

In an exercise that has become as regular as corporate bankruptcies these days, young firebrands on a makeshift stage took turns mimicking various government ministers.

Riot police stood watching as some students, dressed as military officers, mockingly brutalised their colleagues. The crowd roared and chanted: "Down With Suharto", the Indonesian



A protest leader addresses fellow students confronting police outside Padjadjaran University in Bandung, 100km south-east of Jakarta. AP

president. They demanded political reform, an end to cronyism and better economic management.

The rhetoric, unthinkable a year ago, was typical fare amid the faltering economic climate of the past few months. For the government, however, the new and most alarming aspect of the latest protest was the linking up of students from dif-

ferent universities and the open defiance of orders to stay on campus.

Unlike the turbulent protests of the 1970s, the students of today - a product of the new middle class - have mobile telephones and access to the internet.

Their priority now is to improve co-ordination and recruitment to their cause. On the same day this week,

more than 30 other demonstrations were held in different locations around Jakarta, and student leaders say there are now nearly 40 universities in the city's environs planning to combine forces for protests. A similar trend is occurring in other university cities of Java, the main island, where students are actively recruiting protesters beyond the cam-

pus and on the streets. Commentators say momentum is building towards May 20, the anniversary of the founding of Indonesia's first nationalist movement in 1908, known as "National Day of Uprisings".

The government has pursued a carrot-and-stick approach, interspersing violent military and police crackdowns on demonstra-

tions with conciliatory words and attempts at dialogue. Protests have increased, however, with growing questions over the disappearances of at least 11 activists, in the past two months.

The stakes soared yesterday following a directive on Wednesday from Mr Suharto to the armed forces, advising "repressive measures" to deal with emergency situations. In a written address delivered to the army's Kopassus special forces, Mr Suharto said such measures could be applied if peaceful persuasion failed to calm boisterous students.

The statement has been taken as a challenge in some activist circles and came as international pressure on Indonesia shifted from economic issues to human rights.

Stanley Roth, US assistant secretary of state for East Asia and Pacific affairs and Ian McLachlan, Australian defence minister, were among prominent visitors to Jakarta this week to have raised the disappearances of activists with their Indonesian counterparts.

In a pointed but carefully worded reference to the student protest movement, Mr Roth said yesterday the US supported the right of students to free expression and urged Indonesian authorities to deal with student demonstrations "with restraint".

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Chinese mission aims to sell the rust-belt

By James Kynge in Shenyang, north-east China

The mayor of Shenyang, the main city in China's north-eastern industrial "rust-belt", is to lead an unusual roadshow to Europe this month in the hope of finding buyers for scores of loss-making and heavily indebted state-owned enterprises.

The planned tour to most western European countries over 20 days from Monday is part of a campaign to revive the flagging fortunes of "China's Rust", an area dense with Soviet-style industry rendered anachronistic by years of free market reform.

Although some Chinese mayors have travelled overseas to attract investment for their cities before, the scale and character of the European roadshow is unprecedented. Representatives of nearly 100 large state enterprises, many either wholly or partly for sale, are to travel with the mayor, Mr Suixin, who is also deputy governor of Liaoning province.

"Now is a good time to buy. The price is low, the workers are practised, the equipment is already in existence," said Gai Ruilin, deputy mayor of Shenyang, in an interview.

But the acquisition of such companies is not for the faint hearted. Many have 10,000 employees imbued with the unhurried rhythms of a planned economy. Equipment is often decades out of date. Debts are heavy and balance sheets have rarely been properly audited. There is no law in China on the management or sale of state-owned assets.

Then there is the cultural chasm. "Europe is too far away. It is very difficult for Europeans to understand this place," said Chen Gang, general manager of the Northeast Pharmaceutical Group, a state-owned company employing 35,000.

"The best way for foreigners to enter the local market is to rely on Shenyang people and do things step by step," added Mr Chen, who is travelling on some parts of the European itinerary.

The companies for sale in Europe include manufacturers of electrical equipment, air compressors, pumps, cables, mining equipment, petrochemicals, paper and many other items.

Mr Gai said foreign investors would be allowed to take a majority stake in the enterprises for sale. They can also sack workers as long as they provide for their welfare with a lump sum payment, typically about ¥100,000 (\$12,000) each, or with pension provisions. The cost of providing for sacked workers may be subtracted from the sale price of the enterprise, said Mr Gai.

A confluence of political and economic factors has combined to allow the transfer of once prized state assets into foreign hands.

Zhu Rongli, China's new premier, has paid particular attention to the north-east in his insistence that most state enterprise reform must be completed within three years. This has translated into ambitious local targets: by the year 2002, at least 50 per cent of Shenyang's corporate assets should be in private hands, compared with less than 20 per cent now, said Mr Gai.

There is a shortage of the capital, management skills and technology needed to turn around the large insolvent enterprises, officials said.

Without foreign participation, they will simply remain a financial and social burden on the municipal government. For this reason, a few of the heavily indebted state enterprises in Shenyang may be sold for as little as one yuan (12 cents) each, officials said.

Shanghai property, Page 7

Healthcare likely to suffer as drugs prices soar

By Robert Chote in Washington

Indonesia's economic crisis threatens high prices and shortages of essential drugs, as well as falling school enrolment rates among the poor, according to an analysis of its social impact by the World Bank.

The report, presented to a meeting of donors in Wash-

ington earlier this month, pointed out that the sharp fall in the Indonesian rupiah had increased the prices of many drugs, vaccines and other medical supplies because of their high import content.

Surveys in Jakarta and West Java found drug prices doubling or tripling, with shortages increasingly pre-

valent. Some health centres have already closed because of lack of supplies, while shortages of contraceptives are leading to a rise in unwanted pregnancies.

The World Bank team warned that the depreciation of the rupiah had been underestimated in determining government subsidies for the pharmaceuticals pro-

vided at health centres. Subsidies expected to stretch over eight months may last only four to six months.

"The World Bank's assessment is that the health budget is inadequate to protect basic services; it underestimates the implications of exchange rate depreciation, and it is too optimistic about likely inflation rates and the

expected level of disbursements of external assistance," the report said. Pressure on public health services will intensify as more people find they cannot afford private services.

Infant mortality and life expectancy have improved markedly in Indonesia since the 1970s, but the Bank noted that other countries

with similar average income levels had done better on these measures. This suggests that the Indonesian healthcare system was already relatively inefficient before the crisis.

John Anthers adds from New York: Indonesian finance officials said late on Thursday they had agreed a "broad set of principles" for

renegotiating the country's private external debt, which will be modelled on the renegotiation of Mexico's external debt three years ago. The announcement followed negotiations at the New York headquarters of Chase Manhattan, and also involved representatives from Bank of Tokyo-Mitsubishi and Deutsche Bank.

IMF/WORLD BANK MEETINGS MINISTERS WANT INCREASINGLY STRONG WARNINGS TO STUBBORN GOVERNMENTS

Fund urged to be harder taskmaster

By Robert Chote, Economics Editor, in Washington

Finance ministers have asked the International Monetary Fund's board to develop a mechanism under which the global watchdog would give increasingly strong and ultimately public warnings to countries that ignore its advice.

Despite the misgivings of some senior officials, the Fund's interim committee asked the board to develop a "tiered response" to stubborn governments. This follows Thailand's failure to heed Fund advice between 1994 and 1997, which arguably resulted in an unnecessarily serious financial crisis last July.

Michel Camdessus, the IMF's managing director, said that the mechanism would see a progressive

strengthening in the Fund's language. Philippe Maystadt, Belgium's deputy prime minister and the interim committee chairman, said that public warnings would be "an ultimate step in exceptional circumstances".

Some IMF officials fear that the threat of public warnings may not be credible. It might stop authorities giving the Fund confidential information and trigger the crises it is supposed to prevent. But Mr Camdessus said that if a crisis did result "the origin would not be with our statement but with the mal-governance of the country".

The decision was taken at a marathon meeting of the IMF's interim committee, which dragged on as Canada and Australia expressed reservations about proposals to give the Fund jurisdiction over capital flows.

The committee stressed that the quality of IMF scrutiny of member countries' economic policies depended on the quality of information provided to it. In its internal post-mortem on the run-up to the Asian crisis, Fund staff noted they were not given an accurate picture of Thailand's foreign exchange reserves or prudential data on the banking system.

"The committee underscored members' obligation to provide timely and accurate data to the Fund," its communiqué said. In the event of persistent deficiencies in data provision, the

Fund would consider delaying the completion of its annual "Article Four" economic health checks. This might prompt investor nervousness.

Countries will also be encouraged to publish "press information notices", which summarise the board's discussion of Article Four health checks. A growing number of countries have published these notices over recent months, but many emerging market economies remain reluctant.

The committee asked the Fund to work with other organisations in extending the Basel Committee's "core principles" for banking regulation and supervision. The board will also look at ways for the Fund and World Bank to collaborate on financial sector advice, following Canadian and UK proposals.

It will broaden the scope of the IMF's "special data dissemination standards", which specify what statistical information countries should publish.

Alan Greenspan, Federal Reserve chairman, argued strongly for requiring more information on foreign exchange reserves. The standards will also cover short-term debt and indicators of financial sector health.

The code of good practices of fiscal transparency which Gordon Brown, the UK chancellor, had proposed at the IMF's annual meeting in Hong Kong last year, was formally adopted by the committee and published. But the communiqué emphasised that the code did not impose a legal obligation on members.

Editorial Comment, Page 6

Mr Blair, who began his tour in Cairo yesterday, will put the proposal tomorrow to Benjamin Netanyahu, Israeli prime minister.

"The Americans are quite keen," said Mr Blair's official spokesman. "It can help to have different points of influence and pressure."

Although Mr Blair acknowledges that the US must continue to take the lead, he believes the EU - of which the UK at present holds the presidency - has a legitimate role in bringing the Israelis and the Palestinians together.

The European Union has given \$20m (\$634m) in aid to the Palestinians between 1984 and 1998, including sig-

nificant investment in a new airport and industrial zone in Gaza.

"In some issues, like economic policy, there is a case for the EU being involved in a formal way," the spokesman said. Mr Blair last night held talks with Hosni Mubarak, Egypt's president, and promised legislation to ensure London was not "a safe haven" for Egyptian dissidents who promoted terrorism in their home country.

The issue has clouded Anglo-Egyptian relations, although Britain insists there is no evidence to link any London-based dissidents with terrorist acts.

The two leaders also agreed to create a British-Egyptian business council, to be co-chaired by Stephen Green, chairman of HSBC Investment Bank.

British companies have \$1bn invested in Egypt and the UK is the second largest non-Arab investor in the country after the US.

Mr Blair hopes to rebuild UK relations with Israel on his trip following the acrimonious visit by Robin Cook, the foreign secretary, to Jerusalem last month.

However, he is expected to press Israel to allow the early opening of the new Gaza airport and industrial estate, as well as raising the issue of Israeli settlements in the occupied territories.

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FRANCHISE ARRANGEMENT BRITISH GAS SUBSIDIARY TO LEAD CONSORTIUM BUILDING A PIPELINE TO SERVE CENTRAL AND SOUTHERN AREAS OF THE COUNTRY

Egypt plans \$220m expansion of natural gas use

By Mark Hubbard in Cairo

Private sector gas producers will today launch a \$220m project to pipe up to 4.4bn cubic metres of Egyptian natural gas a year to industrial and household consumers in central and southern Egypt in a big expansion of the country's domestic gas industry.

NORTHERN IRELAND BERTIE AHERN TELLS PARTY HE IS CONFIDENT OF 'SUBSTANTIAL IMPROVEMENT IN POSITION OF NATIONALISTS'

Premiers step up efforts for peace deal

By David Wighton in London and agencies

The British and Irish prime ministers yesterday increased their efforts to rally support for the Northern Ireland peace deal on the eve of important meetings about the agreement with political activists in the region.

Bertie Ahern, prime minister of the Republic of Ireland, sent a message to nearly 4,000 members of his Fianna Fail party. He said the agreement provided "a

basis for peace and democratic evolution from which all will benefit".

A spokesman for Mr. Ahern, who enclosed a 35-page copy of the accord proposals and a summary of its main points with his plea for support, said: "This effectively marks the start of the campaign for a Yes vote [in the coming referendum on the peace deal]."

The Irish premier declared in his letter to the party: "The agreement represents a substantial improvement in the position of nationalists

in Northern Ireland, while also being of benefit to the entire population."

"It is also the most promising way presently available of achieving over time the aims for which we stand - and in particular our first aim, which is 'to secure by peace and agreement the unity of Ireland and its people'."

May 22, the date chosen for a referendum on the peace deal in Northern Ireland, is expected to be confirmed as the date for the republic's referendum after a

two-day debate on the accord in the Dail, the parliament, beginning on Tuesday. The six main government and opposition political parties in the republic have signed a Dail motion endorsing the peace blueprint.

Tony Blair, the UK premier, yesterday sought to win round sceptics in anti-nationalist unionist parties by offering reassurance on the release of paramilitary prisoners and on reform of the Royal Ulster Constabulary, the Northern Ireland police force.

He said there was no question of prisoners being released early unless they and their organisations had renounced violence. Mr Blair said it was important that all such issues had to be viewed "in the round" if Northern Ireland was to make a fresh start.

"But there is no way that there is going to be anyone allowed out whose organisation has not stopped violence, stopped it properly," he added. "In respect of the individuals, they too have got to be quite clear that

they have given up violence." He said that prisoners would be released only "on licence".

Mr Blair also sought to calm unionist fears that reform of the police could lead to "two-tier" policing. "We want the police force to operate on a normal law-and-order basis so far as it is possible, but there is no question - to give this specific reassurance - of ending up with some split police force with gangs of paramilitaries running local police stations or local policing."

Protestant hardliner tastes his own medicine

By John Murray Brown in Dublin

Jan Paisley, the Protestant hardliner known in Northern Ireland as the "big man from Ballymena", is feeling a little unwell. A tiny UK flag pinned to his tie, a "Vote No" sticker and a badge declaring "Jesus is Lord" on his lapel, the Rev Paisley was being treated to a bit of his own medicine at the Northern Ireland Forum - set up as a preliminary to

the peace talks - yesterday.

No mean barracker himself, he came under fire - first from David Trimble, the Ulster Unionist leader, then from John Alderdice, the cross-community Alliance party leader and then the smaller loyalist parties - for condemning last week's historic peace settlement.

The leader of the hardline Democratic Unionists is capable of conjuring an apocalyptic vision of what would happen to his beloved

country if his warnings are not heeded. But in an interview yesterday with the Financial Times, he seemed almost gloomy - as if he senses the political tide is flowing against him.

No one is writing him off yet. But his brand of politics - implacably opposed to any role for the Republic of Ireland in Northern Ireland's affairs - may soon look out of sorts should the people give the agreement a resounding Yes in the refer-

endum. Asked why he could not support the agreement, he said he would not betray his supporters for "the sake of being called a statesman, and a nice fellow, or being offered something in the birthday honours list."

But he said he felt let down that Mr Trimble, with whom he says he signed a pact, stayed in the talks after Sinn Féin joined, even though the IRA had not surrendered a single bullet.

But if, as most commentators expect, Mr Trimble is victorious in today's vote at the ruling council of his Ulster Unionist party, it could mark the political end of the 72-year-old Mr Paisley.

His political fortunes have directly mirrored the misfortunes of Northern Ireland. Formed in 1971, two years after the outbreak of the Troubles, the DUP provided a radical, less secular alternative to the UUP.

He says that even if the Yes vote prevails, he will contest the assembly elections. The agreement envisages that decisions in the assembly can be made only on the basis of "parallel consent" - requiring 40 per cent support from each community.

Will he make this new assembly work? "What, and work the north-south bodies? Not at all. I'm not going to work for the destruction of my province."

Tail Task, Page 7

Telewest takes the lead in race for cable consolidation

Freshly galvanised companies realise size is important in broadcasting battle, write Christopher Price and Cathy Newman

The £645m (\$1.1bn) acquisition of General Cable is a substantial victory for Telewest Communications, which beat a £550m rival offer from NTL.

It also accelerates a trend toward consolidation which has been gathering pace over the past two years. Telewest, which was the second largest UK cable operator before its agreed bid for General Cable, will now rival Cable & Wireless Communications as the UK's biggest cable company, covering 5.8m homes.

After a decade of investing more than £8bn in cabling Britain's streets, using a great deal of borrowed money, cable companies have racked up enormous losses. Investors and executives have finally been galvanised into action.

Consolidation has been given additional impetus because much of the cabling in the franchise areas is nearing completion, and the companies have realised that size really does matter in the battle against rivals such as British Telecommunications, the former state utility, the BBC and British Sky Broadcasting, the satellite television network in which Rupert Murdoch's News Corporation is the biggest stakeholder.

The number of cable companies has declined, from 34 five years ago to seven after

the General Cable deal and NTL's recent acquisition of Comcast.

Alan Lyons, cable analyst at ABN Amro, believes the industry restructuring will eventually leave just two or three super-cable groups. "You can bet your bottom dollar we haven't seen the last of the consolidation."

NTL has been at the centre of almost all the sector's corporate activity, making the first significant move last month with a \$600m agreed all-paper offer for Comcast, followed by a \$550m offer for General Cable. It has been shaking up the industry in other ways, too. Its innovative marketing, which involves a low-cost telephone and television package, appears to have made the breakthrough that the industry required in terms of penetration and is a strategy now being widely copied.

NTL's dealmaking and marketing flair owe much to George Blumenthal, chairman, and Barclay Knapp, chief executive. The two Americans moved into the UK market in 1993 after selling their US mobile phone business.

The acquisition of several cable franchises was followed by the purchase of NTL, the broadcasting engineering arm of the Independent Broadcasting Author-

ity, in 1996. It gave the company, which is listed on the US Nasdaq market, a national telecoms network and a backbone for its burgeoning cable business.

Last year the company mooted the idea of pulling all the big cable concerns outside CWC into one company. None took the bait, but NTL has pushed on regardless with its strategy of bigger means better.

However, its ambitions are facing a serious challenge in the UK from a rejuvenated Telewest. General Cable preferred Telewest's mix of cash and paper to NTL's lower, all-paper offer. If Telewest succeeds in exercising its right to buy Comcast's interest in two of its most lucrative franchise areas, it will blow a hole in NTL's deal.

Some observers believe Telewest will start to dedicate more of its energies to becoming involved in digital terrestrial television. The company, which bid for the licences later won by British Digital Broadcasting, has access to digital terrestrial television through its stake in S4C Digital Networks.

Telewest, meanwhile, executive, is leaving immediately, after five and a half years with the company. If it spends at least £200m exercising its right to buy the Comcast franchises, Telewest will become the UK's Number One cable company. However, investors' appetite for cable has waned as

UK cable industry

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday April 18 1998

The global standard

The 20th century seems to be ending where it began. Imperialism, fascism, socialism and now Asian dirigisme seem to be divisions on the route between the unregulated liberal capitalism of a century or more ago and its more institutionalised form of today. Or so many in the west believe.

The view has been cogently expressed by Alan Greenspan, the chairman of the Federal Reserve. "My sense," he argued last month, "is that one consequence of this Asian crisis is an increasing awareness in the region that market capitalism, as practised in the west, especially in the US, is the superior model; that is, it provides greater promise of producing rising standards of living and continuous growth." Many of their leaders are, therefore, "endeavouring to move their economies much more rapidly toward the type of economic system that we have in the US".

The chairman is right. The combination of the stagnation of Japan with the crisis that has engulfed Thailand, Indonesia and South Korea has largely destroyed the glamour of Asian managed capitalism. The high unemployment of continental Europe has done almost as much damage to its traditional social democracy. What is left is Anglo-Saxon capitalism. It is becoming a "global standard".

Notwithstanding the doubts expressed in the margins of the spring meetings of the International Monetary Fund and World Bank in Washington this week, this is what the principal powers there represented - above all the US - were trying to ensure.

Robert Rubin, US secretary of the treasury, was one potent voice, with his loud call for greater transparency, stronger domestic financial systems and more effective mechanisms to ensure that creditors and investors bear the consequences of their actions.

Free competition

At the national level, the emerging global standard consists of liberal trade and open financial markets. It demands a high quality of regulation and independent legal processes, to protect private property and handle bankruptcy. It calls for non-corrupt government. Within this framework, prosperity is generated by free competition among profit-seeking companies.

This global standard is underpinned by an array of interna-

tional institutions, this being one of the principal changes since the beginning of the century. Chief among these are the IMF and the World Trade Organisation. These institutions constrain the independent action of member states, in the interests of their own citizens and those of other countries. When countries fall into difficulties, international organisations will come to the rescue. In return for their moving still closer to the global norm.

New norms

This shift is enjoined not just by institutions, but by markets. Most companies wish to raise money on international capital markets. If the east Asian crisis proves anything, it is that no country can safely rely on short-term borrowing from banks. They must access international bond markets as well. Taken together, these facts force countries and companies to move, willy nilly, closer to the new norms.

Yet, for all the successes of today's modified form of liberal capitalism, it is not without serious drawbacks - drawbacks that may prove large enough to tarnish its success.

First, the constraints it imposes upon the ability of individual countries to determine their own policies are bitterly resented. This is true not just in Malaysia or Korea, but in the US, too. President Bill Clinton's inability to secure the trade-negotiating authority he asked for is just one illustration of the results.

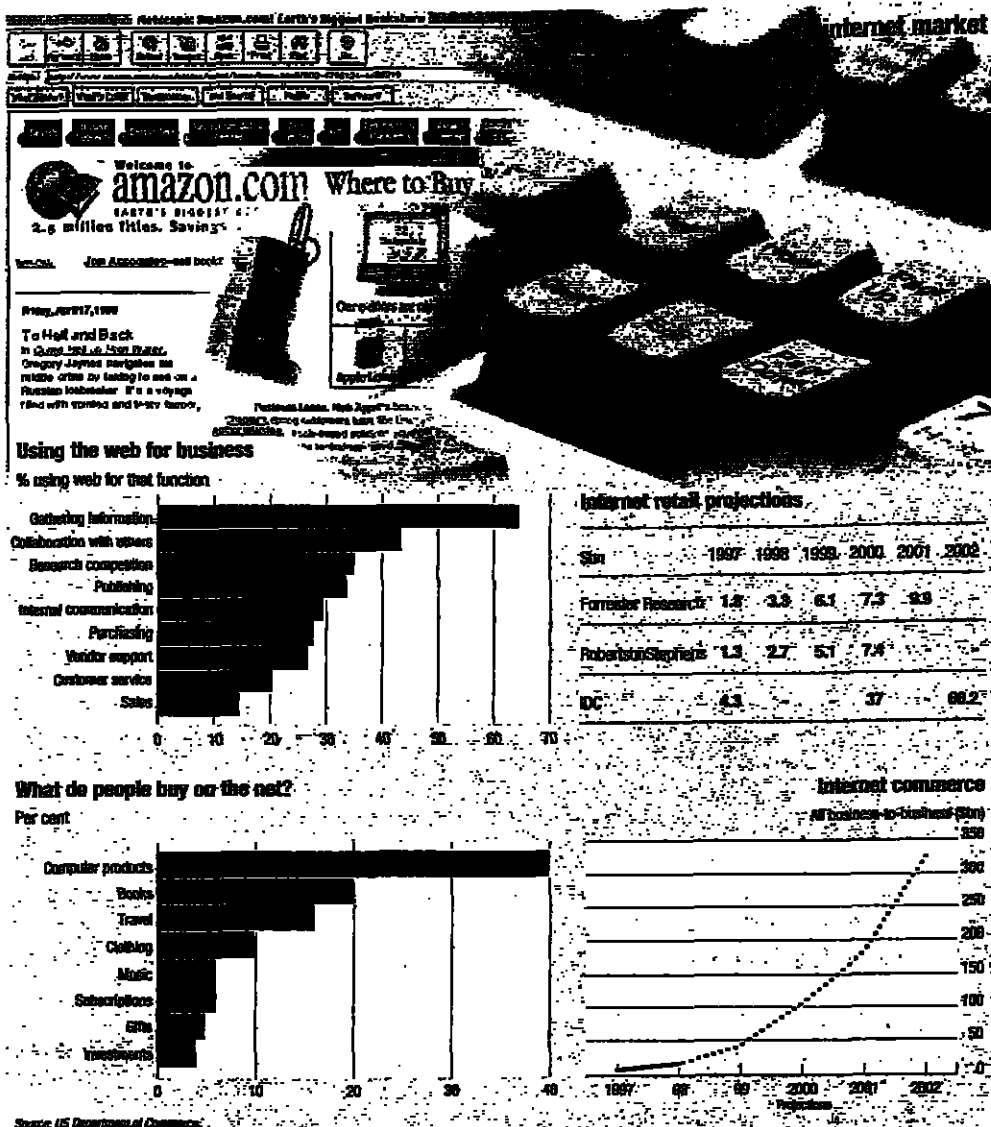
Second, the shareholder-dominated capitalism of the Anglo-Saxon world is disliked in countries where companies are viewed not as bundles of contracts, but as long-term communities. More broadly, profound distaste is felt for the fluid social relations that make sense in a country of immigrants, such as the US.

Third, short-term relationships are widely seen as a direct cause of the financial instability that has brought east Asia low. The easy finance that came to grief in Japan seems unwelcome, but the Anglo-Saxon alternative looks dangerous.

Finally, the contemporary triumph of the US may rest, in part, on a financial bubble. The liberal order of a century ago was destroyed by national rivalry and financial collapse. The same dangers could lie in wait. The new global standard has much to commend it. Its enduring triumph cannot be assumed, all the same.

High streets in hyperspace

The internet is fast becoming the prize location in retail sales, with traffic figures booming. Louise Kehoe reports



become less of a problem. Encouraged by word-of-mouth stories about internet purchases, consumers have come to accept the maxim that giving your credit card to a waiter is more risky than using it online.

Second, it is easier to enter cyberspace. Technological constraints, especially bandwidth limitations and modem speeds, mean "waiting to connect" one of the best-known phrases among internet users. Over the past year, many have upgraded to faster modems. Third and most important, e-commerce appears to have achieved a critical mass. Fewer than 40m people were connected to the internet in 1996. Now, there are more than 100m.

As e-commerce grows, it is developing its own rules. "In the physical world, there is room for millions of shops because there are millions of shopping centres and street corners," says Phil Polshook, vice-president of marketing at etoys, an online toy store. Each has its local customer base to draw upon. "On the internet, you are always one click away from any other web site. Only a few sellers will succeed in each product category."

Evidence of that is the rising cost of running an online store.

"The idea that online selling is cheap is a myth," says Mr Polshook. Etos, for example, has struck deals with several "portal" or gateway web sites that draw large numbers of visitors. The toy retailer pays a 25 per cent share of revenues for customer referrals from these sites.

Mr Polshook's argument that only a few sites will scoop the pool is borne out by car sellers. Two companies, Microsoft's Carpoint and Auto-by-tel, dominate the field, at least in the US. "There may be [only] three or four players in each category, as internet use grows," says Alex Simons, Carpoint's product manager. The Carpoint web site reflects two other e-commerce trends. The first is the central role of information. Carpoint began as a "research site" providing consumers with copious information about cars they might want to purchase. Online research is the first step towards becoming an online shopper, industry analysts say.

Last June, Carpoint began offering cars for sale. The number of shoppers has more than doubled to above 1m a month and the proportion who make a purchase has grown to almost 3 per cent. "We are seeing a definite increase in the willingness of people to use the internet for their purchasing decisions," says Mr Simons.

The influence of information provision on internet retailing could become even more important. A new development called "personal agent technology" would provide consumers with "software slaves": these would scour the internet seeking the best deal on a car or a rare book. If it lives up to its potential, agent technology could make the internet hugely competitive. The importance of information could well be a double-edged sword. Customers use the net to hunt for bargains. But internet retailers can use it to gather information about their customers. This is a mounting concern among consumers, according to many in the field. There needs to be an industry-wide agreement on how this information is protected, says Mr Simons.

The second characteristic of e-commerce exemplified by the Carpoint site concerns the role of middlemen. Carpoint has agreements with dealers throughout the US who complete sales generated on the web site. These dealers typically pay about \$300 in advertising and fees to "move a

car off the lot," versus the \$450 average spent on advertising through traditional media.

As the example shows, the internet can cut the cost of doing business considerably. It does so in other areas too. In banking, for example, according to Booz-Allen & Hamilton, it costs just over 1 cent to make a transaction through a bank branch; half a cent by telephone and 0.01 of a cent on the net.

Some have argued that the internet's ability to reduce "transaction costs" will lead eventually to the elimination of middlemen such as distributors. Yet as the Carpoint example shows, reports of the death of the middleman may be exaggerated. Collaborative relationships between established retailers and internet merchants are emerging in several product areas.

The reason is that shipping products direct from manufacturers to the consumer is not economically viable, argues Mr Polshook of etos. "If a customer orders three products, each from a different manufacturer, we would have to pay three shipping charges." Like most online stores, etos created its own central warehouse.

The internet cannot do everything. Some goods sell better online than others. Intangible products such as financial services are especially easy to deliver, simply by downloading them. Last year, some 45m US households were banking online. By 2000, as many as 16m are expected to be accessing accounts and paying bills via the internet.

What is less often realised is that, to a significant degree, the success of online sales depends on demographics as much as technology. Web users are predominantly young and male. They are the main consumers of the things that Jupiter Communications predicts will show the largest growth over the next few years: electronics products, travel, music, books, software and computers and pornography.

Growth may bring its own problems. In the book industry, for example, titles may be the property of one publisher in Europe and another in North America. The international reach of the internet makes this a big dilemma. Similarly, there are US government export controls on some software products. To ensure it complies with commercial and legal restraints, one seller of software, Software.net, created an elaborate system to identify customers' location.

Even the strongest advocates of online shopping acknowledge traditional forms of retailing are not going to disappear. "People like the experience of shopping," says Mr Stephens of Interstep. Recreating the social elements of shopping trip by building "online communities" in which consumers can interact is becoming a priority for online stores.

So far, however, no one has tried to simulate queues at check-out counters or frustrating searches for parking spaces. Without these, online shopping will never be quite the same.

LETTERS TO THE EDITOR

The native English speaker and his subtle undertones

From Mr Peter McGraw.

Sir, There is more to the question of the universal use of English than Christian Tyler ("Mother of all tongues", April 4-5) recognises.

A few years ago I was taking an interest in the World Bank's procurement guidelines on behalf of European international contractors, many of whom had been very dissatisfied with the way borrowers from the Bank's two lending arms (the International Bank for Reconstruction and Development through loans and the International Development Agency through credits) had conducted their procurement processes. It is, of course, the borrower and not the Bank that enters into contracts for works and supplies, and these guidelines were at that time not mandatory. The intention to secure open and proper procedures and fair contracts was often ignored.

Reading the guidelines I was struck by the fact that they had probably originated in drafts by native English speakers. The word "should" was often used as an indication of acceptable practice. To a native English speaker this word has an obligatory tone, whereas a non-native English speaker often looked on its tone as advisory and open to be ignored.

After discussion with the Bank this word was changed to "shall" or "must" in a revised (and the current) edition of the guidelines. Coupled with a decision to make them mandatory, this transformed the nature and impact of the document.

There are subtle undertones to the way common words are understood even by competent speakers of another language and which depend on the relationship of the words to the culture from which they have emerged.

Peter McGraw, Dacre Cottage, Longworth, Oxon OX13 3RH, UK

Number One Southwark Bridge, London SE1 9HL

Horses: you must be joking

From Mr Hendrik van Oordt.

Sir, It must be that famous British sense of humour and I know I shall have a good laugh once I've got the joke.

Within weeks, one and the same newspaper - the FT - tells us that horses are vain ("Pleasant revolt", March 2) and deserve to be killed, but that it is a sick, indefensible business to go on jump-racing an animal with a head like an industrial breadloaf, the intelligence of a mudhole and the courage of a freshly manicured toy poodle ("And still the killing continues", April 11-12).

Yet if horses are vain, so are horses. In our modern world they

serve no earthly useful purpose except to make money for their owners, which they seem to do quite adequately running steeplechases.

Critics of foxhunting like to point to the dogs, but I think it is only fair that these willing and irresponsible instruments of death should get a taste of death themselves.

Now let us all have a minute of silence. I for the fox, you for the horse.

Hendrik van Oordt, 23 rue de Rivoli, 75004 Paris, France

Distant dream of Jones the Voice

From Mr Charles Cook.

Sir, I see from the tabloid press (London's Evening Standard, April 14) that singer Tom Jones has paid \$1.62m (\$970,000) for a five-bedroom, gated family house in Beverly Hills, California - not so long ago viewed as one of the most expensive areas in the world for domestic real estate.

As we are told that this amount would today barely purchase a decent family apartment in an average part of Kensington, London, are we to assume that the green, green grass of home is to remain but a distant dream for our expatriate entertainers?

Charles Cook, Woolverstone House, Woolverstone, Suffolk IP11AN, UK

A danger to your cash and shares

From Mr Charles Foster.

Sir, I wonder how many of your readers know of the dangers of holding shares and cash with brokers' nominees?

My sister-in-law has not been able to trade her shares nor get at her £100,000 cash balance since February 27 when Fidelity closed down, because it has not so far transferred them to her new broker.

I have contacted the Securities and Futures Authority, which sees nothing untoward in this failure to maintain access to the market. Are we all equally unworried?

C. F. Foster, East Wing Flat, Arley Hall, Northwich, Cheshire CW9 6NA, UK

COMBAT STRESS



Bringing peace to minds at war

They used to call it 'Shell Shock'. Now it's called 'Combat Stress'. For Able Seaman, Paul Morris, an Ex-Services Mental Welfare Society (ESMWS) volunteer, the war is still very much a part of his life. For many veterans of that conflict - Korea, the Second World War and now Bosnia too - the story is the same. 'Combat Stress' can shatter a life forever. Today Paul is looked after by the Ex-Services Mental Welfare Society. With over 4,000 men and women in care for and who know how many more, we need every penny you can spare. Psychiatric care, nursing and the management of our homes costs money that will only come from people like you, people who care about those who gave more than they could spare.

Please do help. We have need of every penny urgently.

They tried to give more than they could. Please give as much as you can.

ES-SERVICES MENTAL WELFARE SOCIETY

Dept: FPM, Broadway House, The Broadway, Wokingham RG40 3PH. Telephone: 0118-543 0222

Please send me information on how to help. I am interested in: ☐ Please send me further details about the Ex-Services Mental Welfare Society

Name (BLOCK LETTERS): _____

Address: _____

Postcode: _____

Signature: _____

This Declaration Form may be used to contact you with forms of our work. If you would prefer not to be contacted, please tick the box.

Prices for shares designated for the purposes of the company's dividend in England and Wales

| Shareholder's Name | Shareholder's Address | Shareholder's Telephone | Shareholder's Postcode | Shareholder's Email |
|--------------------|--------------------------------|-------------------------|------------------------|---------------------|
| Mr A. B. C. | 123 Main St, London | 020 1234 5678 | EC1A 1AA | abc@bt.com |
| Mr D. E. F. | 456 High St, London | 020 2345 6789 | EC2A 2AA | def@bt.com |
| Mr G. H. I. | 789 King St, London | 020 3456 7890 | EC3A 3AA | ghi@bt.com |
| Mr J. K. L. | 101 Queen St, London | 020 4567 8901 | EC4A 4AA | jkl@bt.com |
| Mr M. N. O. | 202 Prince St, London | 020 5678 9012 | EC5A 5AA | mno@bt.com |
| Mr P. Q. R. | 303 Duke St, London | 020 6789 0123 | EC6A 6AA | pqr@bt.com |
| Mr S. T. U. | 404 Mar St, London | 020 7890 1234 | EC7A 7AA | stu@bt.com |
| Mr V. W. X. | 505 Abchurch Lane, London | 020 8901 2345 | EC8A 8AA | vwx@bt.com |
| Mr Y. Z. A. | 606 Old London Bridge, London | 020 9012 3456 | EC9A 9AA | yza@bt.com |
| Mr B. C. D. | 707 New London Bridge, London | 020 0123 4567 | EC10A 0AA | bcd@bt.com |
| Mr E. F. G. | 808 Southwark Bridge, London | 020 1234 5678 | SE1 1AA | efg@bt.com |
| Mr H. I. J. | 909 Rotherhithe, London | 020 2345 6789 | SE16 1AA | hij@bt.com |
| Mr K. L. M. | 1010 Bermondsey, London | 020 3456 7890 | SE15 1AA | klm@bt.com |
| Mr N. O. P. | 1111 Elephant & Castle, London | 020 4567 8901 | SE14 1AA | nop@bt.com |
| Mr Q. R. S. | 1212 Waterloo, London | 020 5678 9012 | SE13 1AA | qrs@bt.com |
| Mr T. U. V. | 1313 Lambeth, London | 020 6789 0123 | SE12 1AA | tuv@bt.com |
| Mr W. X. Y. | 1414 Peckham, London | 020 7890 1234 | SE11 1AA | wxy@bt.com |
| Mr Z. A. B. | 1515 Brixton, London | 020 8901 2345 | SE10 1AA | zab@bt.com |
| Mr C. D. E. | 1616 Stockwell, London | 020 9012 3456 | SE10 2AA | cde@bt.com |
| Mr F. G. H. | 1717 Clapham, London | 020 0123 4567 | SW11 1AA | fgh@bt.com |
| Mr I. J. K. | 1818 Balham, London | 020 1234 5678 | SW12 1AA | ijk@bt.com |
| Mr L. M. N. | 1919 Mitcham, London | 020 2345 6789 | SW13 1AA | lmn@bt.com |
| Mr O. P. Q. | 2020 Merton, London | 020 3456 7890 | SW18 1AA | opq@bt.com |
| Mr R. S. T. | 2121 Croydon, London | 020 4567 8901 | CR9 1AA | rst@bt.com |
| Mr U. V. W. | 2222 Epsom, London | 020 5678 9012 | KT8 1AA | uvw@bt.com |
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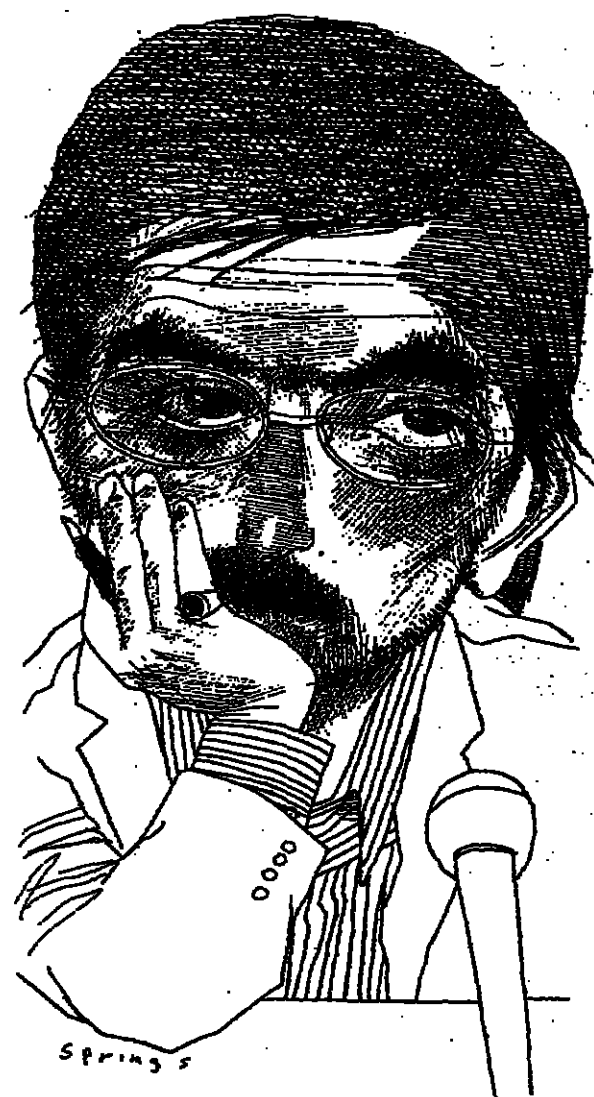
Descent of the sun

COMMENT & ANALYSIS

MAN IN THE NEWS GHOLAMHOSSEIN KARBASCHI

Mayor in a maelstrom

Robin Allen on the Iranian at the centre of a battle between conservative mullahs and political modernisers



Rarely do allegations of embezzlement, bribery and "influence-peddling" at a town hall create nationwide excitement and international attention. Less often still does the accused walk free before his trial as the darling of the public.

Both these phenomena occurred this week in Iran, when the unlikely hero, Gholamhossein Karbaschi, Tehran's 44-year-old mayor - a former religious student with hooded eyes, monotone voice and lugubrious mien - was released from prison. Mr Karbaschi is now at the centre of the sandstorms swirling around Iran's political landscape. He is the focal point for precisely the kind of social and economic reform that the government of President Mohammad Khatami has been trying, unsuccessfully, to implement for the past nine months.

At first sight, Mr Karbaschi has none of the qualities one might expect to find in a celebrity. In his eight years as mayor, he has managed to upset everyone from the city's powerful landowners, to rich merchants, to contractors and shopowners. He has done so by raising taxes and making arbitrary "one-off" charges to help pay for his crash road-building and other programmes designed to improve the city's dilapidated public services. The response from land-

lords and shopowners was to pass the extra charges on to tenants and consumers, thus penalising Tehran's 8m-10m residents with several percentage points of annual inflation over and above the 50 per cent national rate. But many in Tehran have forgiven him. They credit him with having made the city - its choking pollution notwithstanding - a place that actually functions.

But the conservative establishment of mullahs and merchants, which still controls the national levers of power, has not been so forgiving. They blame Mr Karbaschi for what they describe as his liberal use of municipal funds to publish posters in support of Mr Khatami during last May's elections. They also accuse him of providing food and transport to encourage people to go out and vote for Mr Khatami.

His supporters praise his bold stance and contrast his actions as mayor with his reputation from the 1970s and 1980s when he was a theology student. In that period he was a "colourless"

figure, according to one senior Tehran businessman. Many were surprised, though more were indifferent, when Mr Hossein Mousavi, then prime minister, plucked him from obscurity in 1984 to make him governor of Isfahan province, traditionally one of the country's most important posts. "Karbaschi was chosen, not

effort against Iraq. That Mr Karbaschi should today have become a *cause célèbre* says more about Iran's opaque and arcane power structure than it does about the man himself. For a start, he was appointed mayor of Tehran by former president Hashemi Rafsanjani, a wily power broker. But Mr Karbaschi, sensing

"civil law". Popular support for Mr Karbaschi is one thing. Political control is quite another. Ultimate power remains in the hands of Ayatollah Ali Khamenei, the spiritual leader, and the narrow circle of conservative and ageing mullahs (and their secular merchant supporters). It was they who wrote the 1981 constitution legitimising their own control over the national levers of power.

Mr Khatami has his own political trump card: popular disenchantment among Iran's younger generation. Though he dare not play it, the religious hierarchy dares not ignore its existence. Two-thirds of Iran's population is under 30. The bulk, notably in large urban centres, is fed up with unemployment - now above 30 per cent - poor education standards and politicians, referred to as that "gang of incompetents who are bleeding the country dry" by one Tehran university student. These young have never known any regime other than the mullahs, and are not cowed by it.

That Mr Karbaschi should have become a cause célèbre says more about Iran's arcane power structure than it does about the man

on merit, but because he had displayed the correct revolutionary credentials and had the right contacts," says one senior Tehran.

Once at Isfahan, the new mayor set about reconstructing the city and saving its monuments. He also reorganised the city's industries established by the Shah. By making them function more effectively, they were able to contribute to Iran's war

that change was in the air, was shrewd enough to put all his eggs in Mr Khatami's basket. He was vindicated when Mr Khatami ran away with 70 per cent of the national vote.

Now Mr Karbaschi can legitimately claim he is a reformer alongside the president. Both are seeking to implement a programme of social and political reform, and establish the rules of

They showed their contempt for established social conventions last December when soccer enthusiasts went completely wild after Iran's squad returned from Australia having won a place in next June's World Cup final.

Equally telling, more than 5,000 women - all supporters of Mr Khatami - ignored explicit police orders to stay at home by pouring into the street and filling one end of Tehran's national soccer stadium. The police stood by powerlessly.

After that, all that was needed, say businessmen, for the young to demonstrate again, was "a catalyst and a cause". Mr Karbaschi provided both.

But this week's events do not represent the end of the story. Mr Karbaschi's trial is still due on 5 May. The hard-line judiciary may have lost face but it still has a case against the mayor, several of whose aides have been jailed following similar charges.

"The deterrent to pursuing Mr Karbaschi is the fear of provoking an uncontrollable public street reaction," says one western diplomat. "Mr Karbaschi's case may be judged less on its merits, more on the subtleties and balance of power involved in nationwide social and economic discontent. A lot can happen in the next three weeks. And many people will be looking for a face-saving solution."

Sun and shade on Wall St

Despite a rampant bull market and record profits, all is not entirely rosy for US securities firms and banks, writes Tracy Corrigan

Low interest rates, a bull market for stocks, record underwriting volume and massive profits - in summary, this is as good as it gets" on Wall Street, says Michael Flanagan of Financial Service Analytics, a research company. US securities firms have just reported first-quarter earnings, in many cases not only the highest in their history, but also substantially above analysts' expectations. Investment bankers, who have recently banked big bonuses for their fee-generating success in 1997, are well on their way to even bigger payouts at the end of this year.

"It has been an exceptionally active first quarter, far beyond people's assumptions across all sectors," says Joan Zimmerman, an executive search consultant at G Z Stephens, which specialises in Wall Street recruitment.

Provided market conditions remain favourable, many firms are on course for record profits again this year. "Backlogs [of deals] look pretty good for merger and acquisitions or OK for equity and debt, as long as interest rates stay at where they are," says Jim Hanbury, financial services analyst at Schroders. Business in bond and equity underwriting and in mergers and acquisitions has been booming. In the first quarter, bond and equity underwriting reached \$460bn, trouncing the previous record of \$370bn in 1997's third quarter, according to Securities Data, the US financial research consultancy.

But can the seemingly insatiable rise in profits persist? "We would like to think these conditions and volumes are sustainable but history suggests they are not," says Mr Flanagan. "A number of factors which are

already optimal would have to improve even further," he notes.

In fact, the rampant bull market may be hiding underlying problems in the industry. Although there is plenty of business around, the securities industry has never been more competitive.

"The strategies that several securities firms and banks are pursuing in securities-related activities require that they attain leadership to be successful," says a report on the outlook for the securities industry published this week by Moody's, the rating agency. "By definition, however, only a small number of firms will be market leaders."

As US commercial banks, investment banks and foreign rivals vie for a share of profits, fees are being squeezed. "While the bull market keeps running, it

predicts increased spending on year 2000 problems, the euro conversion and aggressive hiring.

Yet those firms that achieve or maintain a leadership position will have some protection. "Leadership positions in the securities industry carry with them disproportionate returns," says the Moody's report. Lead managers in underwriting structures, for example, often capture about 70 per cent of client fees.

Furthermore, "benefits of scale are apparent in several activities such as sales and trading, retail brokerage and asset management, where marginal returns can be very high," the report adds. Quite simply, firms that do lots of business tend to have similar fixed costs to those doing only a moderate amount.

But the industry's high

resulting enlarged investment banking and brokerage firm into the elite of so-called "bulge-bracket" firms.

Consolidation also brings job losses. In spite of present euphoria, "there is some concern [among employees in the securities industry] because consolidation means that we will have enormous surpluses hitting the street," says Ms Zimmerman. "We began to see elements of this in the mergers of Salomon Smith Barney and UBS/SBC, but all of those individuals were snapped up rapidly because of a fairly strong market. But as consolidations continue, the number of people vying for a smaller number of seats will become greater."

Thus, the equation for investment bankers, at all levels, has become more complex. Ms Zimmerman explains: "They might say, 'OK, we're looking at extremely high levels of compensation and perhaps a two or three-year guarantee, but will I have built up enough capital to leave the business, or will I be able to re-enter the mainstream?'"

There are individuals who are viewing moving to new organisations more warily - and that includes very large, very profitable entities."

Blue chip names such as Merrill Lynch and J.P. Morgan, which a year or so ago seemed destined to retain their independence for ever, are now frequently the subject of merger rumours. After this month's \$170bn merger of Citicorp and Travelers (the parent of Salomon Smith Barney) - which will itself cause some job losses in overlapping areas such as capital markets - no combination seems unthinkable.

For the moment, Wall Street is making hay while the sun shines, and everybody wins. In the longer term, there will inevitably be some losers, too.

There is another threat to margins: money, history has shown, tends to burn holes in investment banks' pockets

masks the fact that margins keep going down," says Salie Krawcheck, securities analyst at Sanford C Bernstein. In high yield or junk bond underwriting, for example, average fees last year fell 23 per cent. While fees in equities and M&A have proved more robust, some analysts believe growing competition is likely to squeeze fees in these sectors, too.

There is another threat to margins: money, history has shown, tends to burn holes in investment banks' pockets. "I think there will be margin pressures because spending will go up and it may go up faster than revenues," warns Michael Lipper of Lipper Analytical, who

fixed costs, particularly salaries, may leave it vulnerable to a market downturn. Although in theory a large proportion of remuneration is paid in the form of performance bonuses, this is not always evident in practice. Recent entrants to the sector offer guaranteed bonuses over two or three years, and even those firms that reject this practice may be unwilling to slash bonuses in bad years in case top talent is lured away.

High costs and the rush for the top are among the factors driving the rapid consolidation of the financial services industry. The merger of Salomon and Smith Barney last year, for example, catapulted the

Belfast's Europe will today play host to a meeting that could seal the fate of the Northern Ireland peace process.

A special session of the ruling council of the Ulster Unionist party will hear David Trimble, the party leader, defend his decision to support last week's political settlement.

Should Mr Trimble win backing for the deal, there is every expectation the campaign for a Yes vote in next month's referendum will be won. Should he lose, the peace agreement would be dead. Mr Trimble would be ousted as leader, his political career at an end, and the province in turmoil. That is what happened to a former Ulster Unionist leader, Brian Faulkner, who signed an earlier settlement, the Sunningdale agreement of 1973, but failed to win his party's backing for it.

"Everything hangs on Saturday. Even a reasonable victory for Trimble and everything will go forward like a rocket," says Paul Bew, politics professor at Belfast's Queens University.

So how strong is Unionist opposition to the peace agreement? Might it run deep enough to oust Mr Trimble, or to persuade voters to reject the deal?

Certainly, Mr Trimble has had a difficult week. On Wednesday the Orange Order, which has around 60,000 members and stages marches in commemoration of William of Orange's defeat of the Catholic King James II at the Battle of Boyne in 1690, failed to endorse the deal at a special meeting of the Grand Lodge.

The Order accounts for around 85 of the 900-plus delegates at the council, but its influence would be wider as many ordinary Unionists would also be Orangemen. However, the news might not be as bad for the peace agreement as it might seem. Orangemen say only 20 of the 100-plus members present voted against the deal. What happened was that Lord Molyneux, a former grand master and UUP leader, the Order took a leaf out of Sinn Féin's book and

Trimble's tall task

John Murray Brown considers the depth of Unionist opposition to Northern Ireland's peace agreement



Out of step: the Orange order on the march

Picture: Reuters

sought more time for clarification on three areas of concern - the release of paramilitary prisoners, police reform, and the decommissioning of terrorist arms.

The Orange Order, then, may not give a clear indication of the mood of the UUP council meeting as a whole. That will reflect a wider Unionist opinion - and the leader's ability to shape the outcome will be limited. The UUP has a weak central organisation with constituency parties enjoying considerable autonomy. In the rural west of the province, where there is a deep suspicion about a deal that could see Sinn Féin, the IRA's political wing, at the heart of the new Northern Ireland government. Hence, for Mr Trimble, the biggest

threat could come from within his own party ranks. As many as six of the UUP's 10 MPs are said to be opposed to the agreement.

Outside the UUP, the most vociferous Unionist opposition comes from Rev Ian Paisley. The deal, he says, "sells our beloved country into a united Ireland". Mr Paisley can still count on a huge personal following. He can also count on Unionists' visceral dislike of Sinn Féin. To throw your lot in with politicians who espouse a united Ireland is viewed as the ultimate treachery.

All the same, many ordinary Unionists would not see the evangelical Presbyterian leader as a credible voice to lead Unionism as a whole. Indeed, both Mr Paisley and Bob McCartney, the UK Unionist leader who is also

against the deal, have conceded it is likely the Yes camp will prevail in the referendum.

In some respects, though, the battle over the referendum may not be as decisive as seems. The battleground for seats in the proposed Northern Ireland assembly will be just as important.

Tom Hadden, co-author of *Northern Ireland - The Choice*, which outlines the range of political models for the province, believes "if Unionists are offered a package they will tend to go for it, but if they have to choose, they will go for the strong party. You might get 55 per cent in the referendum, and yet [Mr Paisley's] DUP could still do well in the elections. I think the government may have been rash to go far early elections."

If the DUP significantly increases its vote at the expense of the main Unionist party, it is just possible Mr Paisley could block the establishment of the proposed all-Ireland bodies which, for the nationalists, are the centrepiece of the agreement.

Mr Trimble's supporters believe the longer the referendum campaign goes on, the more voters will realise they have nothing to fear from the agreement. But he faces a formidable task. Unionist history is littered with the stories of Unionist leaders who seek an accommodation with nationalists and find they have not brought the rank and file with them. Mr Paisley has been the main beneficiary of the internal ructions that ensued.

However, the politician-preacher is not the force he once was. Moreover, unlike in 1973 when workers brought the province to a standstill in protest at the Sunningdale agreement, Mr Paisley cannot rely on the support of the urban working class. They have set up their own parties, both of which support the deal.

This week, the graffiti on the Shankill Road proclaimed "Well Done Trimble". He will be hoping the sentiment remains unchanged after today's critical meeting.

Shanghai: where silence is not golden

James Harding and John Ridding find that China's biggest urban development is in dire need of more tenants

The dulcet tones of Simon and Garfunkel seem somewhat incongruous in the middle of a Chinese building site. But the *Sound of Silence*, piped out from a concealed loudspeaker, is extremely fitting for Pudong, Shanghai's aspiring Wall Street and one of the world's largest urban developments. Pudong is quiet - and virtually empty.

Pudong, which has about as much office space as downtown Hong Kong and half that of central London, is a monument to ambition. In the 1990s, the government has invested Yn125bn (\$15bn) with the aim of transforming the former mudflats on the east bank of the Huangpu river into a haven for business. Office space in Shanghai has grown by a factor of 23 from 180,000 sq m in 1990 to 4m sq m this year. But the chorus from the jackhammers and pile-drivers that built the tower blocks has faded to the occasional clank of half-hearted construction.

As offices have gone up, rents have come down. Citing vacancy rates of about

70 per cent for the Pudong district, Morgan Stanley warns of a sustained slide. Rents have already fallen from about US\$8 a sq ft at the peak of the market in 1994-95 to less than US\$3. The US investment bank predicts a further fall of up to 50 per cent.

So far, building what China calls the hardware of a modern financial centre - office blocks and telephone lines - has proved easy. But to fill the buildings, China needs to lay the foundations for a competitive service sector: the rule of law, self-regulating financial markets and a culture of independent-minded professionalism.

The property glut dates back to 1992, when the late paramount leader Deng Xiaoping gave his blessing to Shanghai's plans to build an international financial centre, triggering a surge of investment and speculation. "There was a stampede,"

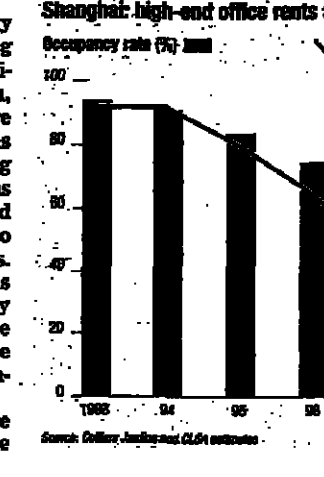
says Edward Cheung, general manager of C.Y. Leung, the property consultancy.

Chinese state companies and ministries, Hong Kong's big developers, Japan's Mori group and other international property companies piled in. "With hindsight, it seems clear that the city authorities released too much land, too quickly," says one developer.

Most market analysts say prices will not stop falling until next year at the earliest. Once they hit bottom, they are likely to stay there for several years. Victims are already emerging among Pudong's Asian investors, as Thailand's C.P. Group and Daewoo of Korea seek to scale down or scrap projects. There are even concerns about Mori's 94-storey tower, the tallest in the world, though the Japanese group insists it will be finished on schedule in 2001. Even more worries centre on banks. "The massive

oversupply of property will pose problems for the banking system," says Morgan Stanley. China's banks are already burdened with bad debts to loss-making state enterprises. Loans to companies and institutions that fancied themselves as property developers threaten to make matters worse.

The symptoms look alarmingly similar to those that have led to popping sounds all over Asia, as one property bubble after another has burst. So, is Shanghai fostering a herd of white elephants on the banks of the Huangpu river? Or can the city escape the fate of other Asian developments?



Odds are that Shanghai will scrape through. Over the past year, the municipal government has restricted the supply of land for development, and luxury residences. It has also sought to redirect developers to low-cost housing, a potentially lucrative market.

Jiang Jiangling, president of the Shanghai branch of ICBG, the city's biggest bank, brushes off comparisons with other Asian cities. "We have great growth potential," he says. Mr Cheung at C.Y. Leung agrees. "Pudong is going to work," he says. He cites infrastructure projects, such as the new airport due to open in 2000 and a new underground rail line, which should entice business across the river from its traditional home on the west bank of the Huangpu. The government has used its muscle to encourage that migration. All foreign banks

wanting to conduct local currency business in China or insurance companies seeking to operate in the domestic market have to set up offices in Pudong. For foreign financial institutions, the centre of gravity in China has already become the new development zone. (Though even if all the foreign groups in China moved to Pudong, they would only occupy a fraction of the vast office space.)

Shanghai's property developers may also be less fragile than regional counterparts. Although precise funding figures are difficult to obtain, much of Shanghai's international property investment has come from the big Hong Kong developers, with a large portion comprised of equity rather than loans. Most have robust balance sheets and can afford to switch their strategies from short-term sales to longer-term leasing. That pushes rents down, but

avoids a fire-sale and a resulting collapse in property prices.

In Pudong, many of the tower blocks have been partially financed by ministries or other state organisations. The 88-storey Jinmao building, for instance, is backed by Mofei, the Ministry for Foreign Trade and Economic Co-operation. If it cannot lease the building, some state bodies may even be prepared to relocate in Pudong themselves.

On the demand side, property agents cite continued arrivals of foreign investors and the expansion of existing companies. "When companies move within Shanghai they typically double their space," says Mr Fulton at First Pacific Davies. "Requirements are now in the region of 1,000 sq m."

If the government manages to strip away the state shackles hampering the development of a competitive financial services industry, Pudong should eventually emerge as an important regional financial centre. Only then will the buzz of commerce replace the eerie sound of silence.

Swiss on rise

MARKETS REPORT
By Richard Adams

The Swiss franc took a step into the foreign exchange limelight yesterday, to make strong gains against the dollar, sterling and the D-Mark.

The Bundesbank's decision to leave German interest rates unchanged and the weakness of the dollar against the Japanese yen allowed the Swiss currency to strengthen.

The Swiss franc was also helped by the Russian parliament's second rejection of President Boris Yeltsin's nominee for prime minister. But traders said profit-taking also aided the franc.

The Swiss currency ended the week in Europe's firmest against all the major currencies. Its strongest gain was against sterling, which weakened by 2.1 centimes to be worth Sfr1.525 at the end of trading hours in London yesterday.

Against the Swiss franc, the dollar weakened from Sfr1.505 to Sfr1.498. Elsewhere the dollar was hit by the US trade figures released yesterday, showing a \$12.1bn deficit in February. That weakened the dollar against the yen through fears of central bank intervention.

Sterling's fall against the Swiss franc pulled it lower against other currencies during European trading hours. Against the dollar it was volatile; it touched a four-

month high during early trading at \$1.697. But its failure to breach the significant \$1.70 level caused it to fall back to \$1.685 by the close of London trading.

The US trade deficit of \$12.1bn - against forecasts of a \$11.8bn shortfall - reawakened fears of US pressure on Japan. The US trade gap with Japan rose 21.4 per cent, to \$52.9bn, its highest level since October 1997.

Robert Shapiro, the US Commerce under-secretary, said: "We must continue to press Japan to open up her markets... further deregulate her economy and stimulate domestic demand."

Bisuke Sakakibara, Japan's vice finance minister said overnight that he had "grave concerns" over recent exchange rate developments. He also said Japan's economic stimulus plan was a strong and credible program.

The Bundesbank followed the French and Dutch central banks in leaving its interest rates unchanged. Rumours that the Germans were considering raising rates circulated on Wednesday, when a funds drain was made by the Bundesbank.

But Hans Tietmeyer, the Bundesbank president, denied that the funds drain gave any indication of tighter policy.

"We are not signalling any tightening for the time being, but of course we are monitoring the situation very closely and that means we have to see what is going on in the next month," Mr Tietmeyer said.

"There was clearly a misinterpretation of the allocation of our repo business. I think it is now absolutely clear that there is no reason for any misunderstanding. No, we are doing normal business. There is nothing behind it."

Sterling was rocked by news of the death of prime minister Tony Blair yesterday. Rumours that Mr Blair had been involved in a serious accident swept through the London market during early afternoon trading.

But the rumour was quashed after banks deluged the Downing Street press office with calls. "That is not true. He is fine. He is flying to the Middle East," a Downing Street spokesman said.

The rumour looked to have knocked less than half a penny off the rate of sterling against the D-Mark.

WORLD INTEREST RATES

APR 17

Money Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-------------|------------|-----------|--------------|------------|----------|------------|----------|
| Belgium | 3% | 3% | 3% | 3% | 3% | 6.00 | 2.75 |
| France | 3% | 3% | 3% | 3% | 3% | 4.80 | 3.30 |
| Germany | 3% | 3% | 3% | 3% | 3% | 4.50 | 2.50 |
| Italy | 5% | 5% | 5% | 5% | 5% | 7.00 | 5.50 |
| Netherlands | 3% | 3% | 3% | 3% | 3% | 2.75 | 3.30 |
| Switzerland | 1% | 1% | 1% | 1% | 1% | 1.00 | - |
| US | 5% | 5% | 5% | 5% | 5% | 5.00 | - |
| Japan | 5% | 5% | 5% | 5% | 5% | 0.50 | - |

Sterling

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|----------------|------------|-----------|--------------|------------|----------|------------|----------|
| US Dollar Cdn | 5.62 | 5.45 | 5.48 | 5.58 | - | - | - |
| ECU Linked Cdn | 4.1 | 4.1 | 4.1 | 4.1 | - | - | - |
| ECU Linked Cdn | 3.94 | 3.94 | 3.94 | 3.94 | - | - | - |

APR 17

Euro Currency Interest Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
| Belgium | 3% | 3% | 3% | 3% | 3% | 4.35 | - |
| France | 3% | 3% | 3% | 3% | 3% | 4.4 | - |
| Germany | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Portuguese Esc | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Spanish Peseta | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Swedish | 7% | 7% | 7% | 7% | 7% | 7.75 | - |
| Italian Lira | 1% | 1% | 1% | 1% | 1% | 1.1 | - |
| Canadian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| US Dollar | 5% | 5% | 5% | 5% | 5% | 5.5 | - |
| Japanese Yen | 5% | 5% | 5% | 5% | 5% | 0.5 | - |
| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

APR 17

Euro Currency Interest Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
| Belgium | 3% | 3% | 3% | 3% | 3% | 4.35 | - |
| France | 3% | 3% | 3% | 3% | 3% | 4.4 | - |
| Germany | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Portuguese Esc | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Spanish Peseta | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Swedish | 7% | 7% | 7% | 7% | 7% | 7.75 | - |
| Italian Lira | 1% | 1% | 1% | 1% | 1% | 1.1 | - |
| Canadian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| US Dollar | 5% | 5% | 5% | 5% | 5% | 5.5 | - |
| Japanese Yen | 5% | 5% | 5% | 5% | 5% | 0.5 | - |
| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

APR 17

Euro Currency Interest Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
| Belgium | 3% | 3% | 3% | 3% | 3% | 4.35 | - |
| France | 3% | 3% | 3% | 3% | 3% | 4.4 | - |
| Germany | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Portuguese Esc | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Spanish Peseta | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
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| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

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Euro Currency Interest Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
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| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
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| Spanish Peseta | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Swedish | 7% | 7% | 7% | 7% | 7% | 7.75 | - |
| Italian Lira | 1% | 1% | 1% | 1% | 1% | 1.1 | - |
| Canadian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| US Dollar | 5% | 5% | 5% | 5% | 5% | 5.5 | - |
| Japanese Yen | 5% | 5% | 5% | 5% | 5% | 0.5 | - |
| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

APR 17

Euro Currency Interest Rates

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| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| Portuguese Esc | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
| Spanish Peseta | 4% | 4% | 4% | 4% | 4% | 4.4 | - |
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| Japanese Yen | 5% | 5% | 5% | 5% | 5% | 0.5 | - |
| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

APR 17

Euro Currency Interest Rates

| | Over night | One month | Three months | Six months | One year | Local rate | One year |
|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
| Belgium | 3% | 3% | 3% | 3% | 3% | 4.35 | - |
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| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
| French Franc | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
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APR 17

Euro Currency Interest Rates

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|-----------------|------------|-----------|--------------|------------|----------|------------|----------|
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| Dutch Guilder | 3% | 3% | 3% | 3% | 3% | 3.35 | - |
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Euro Currency Interest Rates

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| Italian Lira | 1% | 1% | 1% | 1% | 1% | 1.1 | - |
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| Japanese Yen | 5% | 5% | 5% | 5% | 5% | 0.5 | - |
| Asian Dollar | 4% | 4% | 4% | 4% | 4% | 4.4 | - |

UNIT TRUSTS

WINNERS AND LOSERS

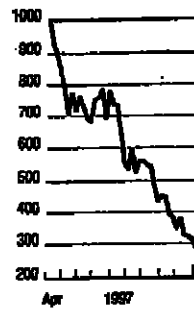
TOP FIVE OVER 1 YEAR

| | |
|------------------------------|-------|
| Exeter Capital Growth | 1,754 |
| Baring German Growth | 1,589 |
| Royal London European Growth | 1,544 |
| Newson European | 1,394 |
| CF Stouley | 1,361 |

BOTTOM FIVE OVER 1 YEAR

| | |
|-------------------------------|-----|
| Save & Prosper Gold & Exp | 448 |
| Old Mutual Thailand Acc | 455 |
| Schroder Seoul | 465 |
| HSBC Singapore & Malaysia Gth | 467 |
| Save & Prosper Korea | 483 |

Old Mutual Thailand



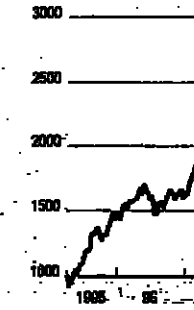
TOP FIVE OVER 3 YEARS

| | |
|-------------------------------|-------|
| Invesco European Growth | 2,634 |
| North West UK Smaller Cos | 2,632 |
| GA North America Growth | 2,621 |
| Threadneedle Euro Sel G Acc R | 2,599 |
| Johnson Fry Smaller Growth | 2,594 |

BOTTOM FIVE OVER 3 YEARS

| | |
|------------------------------|-----|
| Old Mutual Thailand Acc | 285 |
| Save & Prosper Korea | 314 |
| Schroder Seoul | 338 |
| Baring Korea | 355 |
| Schroder Japan Small Cos Acc | 425 |

GA North America Growth



TOP FIVE OVER 5 YEARS

| | |
|-------------------------|-------|
| Invesco European Growth | 3,723 |
| Baring European Sel Opp | 3,626 |
| GA North America Growth | 3,583 |
| Old Mutual European | 3,533 |
| GA North America Growth | 3,458 |

BOTTOM FIVE OVER 5 YEARS

| | |
|--------------------------------|-----|
| Save & Prosper Korea | 275 |
| Threadneedle Japan Smaller Cos | 455 |
| Schroder Japan Small Cos Acc | 459 |
| Fidelity Japan Smaller Cos | 474 |
| Baring Japan Smaller | 474 |

Jupiter European



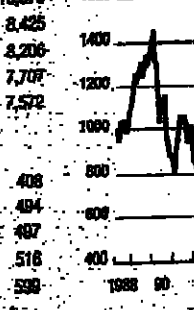
TOP FIVE OVER 10 YEARS

| | |
|-------------------------|--------|
| F&C US Small Companies | 10,578 |
| HSBC US Smaller Cos | 8,426 |
| GA North America Growth | 7,707 |
| Prudential Health | 7,572 |
| Prudential Financial | 7,572 |

BOTTOM FIVE OVER 10 YEARS

| | |
|--------------------------------|-----|
| Baring Japan Inc | 408 |
| Baring Japan Smaller | 467 |
| M&S Japan Acc | 516 |
| Threadneedle Japan Smaller Cos | 516 |
| Invesco Japan Growth | 550 |

Invesco Japan Growth



Tables show the result of investing £1,000 over different time periods. Trends are based on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

| | | | | | | |
|----------------------------------|------|------|------|------|-----|-----|
| Average Unit Trust | 1167 | 1519 | 1816 | 2228 | 3.5 | 2.3 |
| Average Investment Trust | 1283 | 1894 | 2209 | 2836 | 5.6 | 4.3 |
| Bark | 1042 | 1116 | 1203 | 1765 | 0.0 | 5.7 |
| Building Society | 1639 | 1113 | 1202 | 1750 | 8.6 | 5.4 |
| Stockmarket FTSE All-Share Index | 1363 | 1990 | 2269 | 4352 | 2.7 | 2.8 |
| 100% | 1004 | 1087 | 1191 | 1915 | 0.3 | - |

UK Growth

| | | | | | | |
|-------------------------------|------|------|------|------|-----|-----|
| Johnson Fry Smaller Growth | 1223 | 2584 | 2738 | 5017 | 2.8 | 0.7 |
| Old Mutual Growth | 1310 | 2377 | 2618 | 2891 | 2.9 | 0.3 |
| Exeter Capital Growth | 1754 | 2331 | 3382 | - | 4.4 | - |
| Standard Life UK Growth Acc | 1305 | 2231 | 2952 | 4801 | 2.9 | 0.7 |
| River & Mercantile 1st Growth | 1361 | 2173 | 2901 | - | 2.9 | 0.4 |
| SECTOR AVERAGE | 1272 | 1802 | 2133 | 3206 | 2.8 | 1.4 |

UK Growth & Income

| | | | | | | |
|------------------------------|------|------|------|------|-----|-----|
| Flaming Select UK Income | 1471 | 2117 | 2501 | 3693 | 2.7 | 2.8 |
| HSBC Portfolio Fund | 1448 | 2021 | 2262 | - | 3.1 | 1.5 |
| Laurens Koen Income & Growth | 1361 | 2017 | 2249 | - | 2.8 | 2.9 |
| Britannia UK General Inc | 1327 | 1986 | 2148 | 3118 | 2.8 | 2.5 |
| Fidelity Moneybuilder Growth | 1336 | 1972 | - | - | 2.7 | 2.0 |
| SECTOR AVERAGE | 1315 | 1790 | 2091 | 3258 | 2.7 | 2.1 |

UK Smaller Companies

| | | | | | | |
|--------------------------------|------|------|------|------|-----|-----|
| North West UK Smaller Cos | 1207 | 2692 | - | - | 3.5 | 1.0 |
| Gartmore UK Smaller Companies | 1202 | 2358 | 2975 | 3376 | 3.3 | 1.1 |
| Laurens Koen Smaller Cos | 1217 | 2295 | - | - | 3.1 | 1.2 |
| Smith & Williamson Small Cos | 1221 | 2132 | 2489 | 3944 | 3.4 | 0.1 |
| Schroder Smaller Companies Inc | 1186 | 2123 | 2467 | 3097 | 3.0 | 0.8 |
| SECTOR AVERAGE | 1115 | 1857 | 1989 | 2534 | 3.1 | 1.4 |

UK Equity Income

| | | | | | | |
|-----------------------------|------|------|------|------|-----|-----|
| Jupiter Income | 1228 | 2132 | 2505 | 5140 | 2.3 | 3.7 |
| BND UK Equity Income | 1244 | 1973 | 2594 | 3539 | 2.5 | 3.3 |
| Fidelity Income Plus | 1272 | 1972 | 2628 | 2816 | 2.8 | 3.3 |
| Britannia High Yield Inc | 1322 | 1950 | 2429 | 4338 | 2.5 | 3.3 |
| Royal & Sun Alliance Income | 1345 | 1951 | 2341 | 3797 | 2.7 | 3.5 |
| SECTOR AVERAGE | 1298 | 1750 | 2084 | 3284 | 2.5 | 3.7 |

UK Equity & Bond Income

| | | | | | | |
|--------------------------------|------|------|------|------|-----|-----|
| Aberdeen Profitable Est Income | 1301 | 1795 | 2101 | 3084 | 2.5 | 3.6 |
| HSBC Portfolio Fund | 1298 | 1788 | - | - | 2.1 | 4.8 |
| Edinburgh High Distribution | 1326 | 1763 | 2111 | 2544 | 2.4 | 3.2 |
| CIS UK Income | 1345 | 1754 | 2028 | - | 2.4 | 3.0 |
| Midland Monthly Income | 1318 | 1728 | - | - | 2.3 | 3.6 |
| SECTOR AVERAGE | 1233 | 1561 | 1838 | 2733 | 2.3 | 3.7 |

UK Eq & Bd

| | | | | | | |
|--------------------------------|------|------|------|------|-----|-----|
| BND Balanced Portfolio | 1328 | 2118 | 2702 | - | 3.2 | 1.0 |
| Personal High Income | 1335 | 1935 | 2498 | 3207 | 2.8 | 3.4 |
| Canal Income Dis | 1315 | 1814 | 2282 | 3122 | 2.3 | 2.7 |
| Credit Suisse Monthly Inc Port | 1303 | 1801 | 2270 | - | 2.5 | 3.2 |
| NPI UK Equity Income Inc | 1286 | 1744 | 2142 | - | 2.3 | 2.0 |
| SECTOR AVERAGE | 1275 | 1727 | 2153 | 3515 | 2.4 | 2.7 |

UK Fixed Interest

| | | | | | | |
|----------------------------------|------|------|------|------|-----|-----|
| Aberdeen Profitable Est Interest | 1176 | 1831 | 1880 | 2556 | 1.4 | 7.8 |
| CU PPT Monthly Income Plus | 1251 | 1559 | 1736 | - | 1.8 | 6.9 |
| Edinburgh Convertible | 1189 | 1530 | 1476 | 1875 | 2.3 | 4.8 |
| CU PPT Preference Inc | 1254 | 1520 | 1622 | 2488 | 2.1 | 6.2 |
| Edinburgh Preferred High Inc | 1229 | 1504 | 1642 | 2128 | 1.8 | 6.1 |
| SECTOR AVERAGE | 1138 | 1386 | 1512 | 2107 | 1.8 | 6.1 |

UK Gift

| | | | | | | |
|------------------------------|------|------|------|------|-----|-----|
| Baring Exempt Fixed Interest | 1275 | 1518 | - | - | 2.8 | 6.1 |
| M&S Gift & Fixed Interest | 1185 | 1417 | 1546 | 2116 | 1.8 | 5.4 |
| Mercury Long-Dated Bond | 1218 | 1410 | - | - | 2.2 | 4.8 |
| Gartmore PS Fixed Interest | 1176 | 1386 | 1476 | - | 1.7 | 6.1 |
| Mercury Gift | 1164 | 1365 | 1465 | - | 1.5 | 6.0 |
| SECTOR AVERAGE | 1129 | 1274 | 1348 | 2012 | 1.4 | 5.4 |

International Equity Income

| | | | | | | |
|-----------------------------|------|------|------|------|-----|-----|
| GT International Income Inc | 1328 | 1723 | 1938 | 3913 | 2.7 | 1.9 |
| Marlin Curie Int'l Income | 1232 | 1683 | 1910 | - | 2.7 | 3.7 |
| Mayflower Global Income | 1305 | 1599 | 1882 | 3145 | 2.4 | 2.2 |
| M&S International Income | 1238 | 1579 | 1828 | 3693 | 2.7 | 3.8 |
| Premier Global 100 | 1168 | 1478 | 1672 | 2005 | 3.2 | 0.8 |
| SECTOR AVERAGE | 1211 | 1568 | 1808 | 3065 | 2.8 | 2.4 |

International Fixed Interest

| | | | | | | |
|--------------------------------|------|------|------|------|-----|-----|
| Baring Global Bond | 1057 | 1306 | 1386 | - | 1.5 | 5.1 |
| ABS Int'l Bond & Convertible | 1084 | 1280 | 1314 | - | 1.2 | 5.5 |
| Newson International Bond | 1078 | 1250 | 1270 | - | 2.8 | 4.7 |
| City Financial Bondman Int'l | 1148 | 1243 | 1198 | 2018 | 2.6 | 5.8 |
| Baring Global Int'l Fx Int Inc | 1022 | 1219 | 1283 | - | 1.8 | 5.1 |
| SECTOR AVERAGE | 1013 | 1079 | 1126 | 1801 | 1.7 | 5.0 |

International Equity & Bond

| | | | | | | |
|--------------------------------|------|------|------|------|-----|-----|
| Flaming General Opportunities | 1297 | 1737 | 1861 | - | 2.0 | 2.9 |
| Bank of Ireland Ex Mgd Growth | 1211 | 1702 | 1898 | - | 2.8 | 2.1 |
| GA Income Portfolio | 1247 | 1617 | 1811 | - | 3.0 | 2.4 |
| Marke & Spencer Int'l Port Acc | 1282 | 1578 | 1823 | - | 2.3 | 1.8 |
| Canal Portfolio (MUTM) | 1229 | 1574 | - | - | 2.5 | 1.1 |
| SECTOR AVERAGE | 1178 | 1442 | 1641 | 2463 | 2.2 | 2.3 |

International Gr

| | | | | | | |
|-------------------------|------|------|------|------|-----|-----|
| Franklin Financial | 1357 | 2422 | 2834 | 7572 | 3.4 | 0.9 |
| Franklin Financial Secs | 1438 | 2420 | 2834 | 5591 | 3.4 | 0.7 |
| HSBC US Smaller Cos | 1483 | 2220 | 2696 | 4993 | 3.8 | 1.1 |
| Edinburgh Growth | 1438 | 2051 | 2378 | 3728 | 3.9 | 1.1 |
| Franklin Health | 1167 | 2081 | 2801 | 7707 | 7.1 | - |
| SECTOR AVERAGE | 1195 | 1532 | 1808 | 3276 | 3.8 | 0.9 |

Nth America

| | | | | | | |
|----------------------------------|------|------|------|------|-----|-----|
| GA North America Growth | 1476 | 2821 | 3458 | 8206 | 4.4 | - |
| Dresdner RCM America Sm Co | 1484 | 2471 | 2480 | 4398 | 4.8 | - |
| Henderson American Small Cos | 1484 | 2291 | 2838 | 6822 | 5.2 | - |
| Royal & Sun Alliance Nth America | 1461 | 2271 | 3181 | 6530 | 4.0 | 0.3 |
| HSBC US Smaller Cos | 1345 | 2263 | 3282 | 8425 | 5.3 | - |
| SECTOR AVERAGE | 1348 | 1902 | 2188 | 4960 | 4.4 | 0.4 |

Europe

| | | | | | | |
|-------------------------------|------|------|------|------|-----|-----|
| INVESTCO European Growth | 1398 | 2694 | 3723 | 6460 | 4.7 | - |
| Threadneedle Euro Sel G Acc R | 1454 | 2809 | 3431 | 5282 | 4.8 | 0.1 |
| INVESTCO European Small Cos | 1441 | 2582 | 3884 | 6290 | 4.2 | - |
| Jupiter European | 1333 | 2494 | 3883 | 6718 | 5.5 | 0.4 |
| Newson European | 1894 | 2494 | 2883 | 5542 | 4.3 | - |
| SECTOR AVERAGE | 1385 | 1973 | 2544 | 4845 | 3.8 | 0.5 |

Japan

| | | | | | | |
|---------------------------|------|-----|------|------|-----|-----|
| GT Japan Growth | 928 | 974 | 1033 | 1277 | 3.4 | 0.0 |
| Murray Japan Growth | 1011 | 971 | 988 | - | 6.0 | - |
| Bullfinch Global Japanese | 976 | 954 | 937 | 1102 | 6.5 | - |
| Marlin Curie Japan | 914 | 852 | 827 | - | 5.5 | - |
| Newson Japan | 838 | 819 | 877 | 1019 | 5.5 | - |
| SECTOR AVERAGE | 841 | 831 | 867 | 818 | 5.9 | 0.2 |

Far East Inc Japan

| | | | | | | |
|-----------------------------------|-----|------|------|------|-----|-----|
| AB Global Greater China | 816 | 1030 | 1436 | 2842 | 8.2 | - |
| Schroder Far East Growth Inc | 820 | 895 | 1238 | - | 5.8 | 0.2 |
| Jupiter Far East | 802 | 872 | 1016 | - | 5.9 | - |
| Threadneedle RCM Oriental Inc Inc | 781 | 854 | 843 | 1874 | 5.3 | 3.4 |
| Royal & Sun Alliance Far East | 787 | 858 | 1006 | 1189 | 5.7 | 1.2 |
| SECTOR AVERAGE | 744 | 786 | 942 | 1692 | 5.8 | 0.7 |

Far East ex Japan

| | | | | | | |
|---------------------------------|-----|------|------|------|-----|-----|
| HSBC Hong Kong Growth | 813 | 1585 | 2011 | 6429 | 9.8 | 0.8 |
| INVESTCO Hong Kong & China | 889 | 1391 | 1877 | 5651 | 9.0 | 0.9 |
| Friends Prov Australian | 986 | 1339 | 1838 | 3895 | 4.4 | - |
| Harry Cookes LG East Enterprise | 878 | 1198 | - | - | 8.5 | 1.1 |
| Old Mutual Hong Kong | 783 | 1081 | 1311 | 4783 | 9.8 | 1.6 |
| SECTOR AVERAGE | 863 | 758 | 1008 | 3104 | 7.8 | 1.2 |

Best Peps

| | | | | | | |
|-------------------------------|------|------|------|------|-----|-----|
| INVESTCO European Growth | 1398 | 2694 | 3723 | 6460 | 4.7 | - |
| North West UK Smaller Cos | 1202 | 2358 | 2975 | 3376 | 3.3 | 1.1 |
| Threadneedle Euro Sel G Acc R | 1454 | 2809 | 3431 | 5282 | 4.8 | 0.1 |
| Johnson Fry Smaller Growth | 1207 | 2692 | - | - | 3.5 | 1.0 |
| INVESTCO European Small Cos | 1441 | 2582 | 3884 | 6290 | 4.2 | - |
| SECTOR AVERAGE | 1287 | 1727 | 2116 | - | 2.9 | 2.5 |

Property

| | | | | | | |
|----------------------------------|------|------|------|---|-----|-----|
| Aberdeen Profitable Property Str | 1217 | 1735 | 2144 | - | 2.8 | 1.1 |
| Northwich Property | 1104 | 1287 | 1833 | - | 1.9 | 5.1 |
| Always Residential Property | 1068 | 1221 | - | - | 6.8 | 5.5 |
| Baring Property | 1029 | 1193 | 1423 | - | 6.8 | 5.5 |
| SECTOR AVERAGE | 1149 | 1359 | 1733 | - | 1.4 | 4.3 |

Commodity & Energy

| | | | | | | |
|--------------------------|-----|------|------|------|-----|-----|
| M&S Australian Acc | 874 | 1311 | 1679 | 2495 | 5.3 | 2.2 |
| Save & Prosper Commodity | 787 | 925 | 1220 | 1957 | 5.8 | - |
| M&S Commodity | 685 | 854 | 1228 | 1780 | 5.5 | 1.5 |
| HSBC Commodity Resources | 700 | 855 | 1083 | 1482 | 5.3 | 1.3 |
| TSB Natural Resources | 768 | 816 | 1286 | 2494 | 8.1 | 0.8 |
| SECTOR AVERAGE | 704 | 813 | 1242 | 1832 | 6.7 | 1.7 |

Investment Trust Units

| | | | | | | |
|---------------------------------|------|------|------|------|-----|-----|
| Quilter High Inc Int'l Acc | 1249 | 1716 | 2296 | - | 2.7 | 3.0 |
| Quilter Investment Trusts Inc | 1108 | 1708 | 2241 | - | 3.5 | 0.3 |
| Exeter Fund of Investment Trs | 1195 | 1587 | 2195 | 3738 | 2.8 | 0.1 |
| Singer & Friedlander Inv Trs Pt | 1190 | 1550 | - | - | 2.7 | 1.8 |
| Equitable Trust of Invest Trs | 1105 | 1547 | 1955 | 3784 | 2.7 | 1.8 |
| SECTOR AVERAGE | 1180 | 1518 | 1948 | 3324 | 2.9 | 1.8 |

Fund of Funds

© FT Caring Unit Trust Prices are available only for reference. Call the FT Caring Help Desk on 1-866-171-8234 for more details.

| | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
|--|-------|---------|-------|-------|-------|-------|-------|-------|-------|
| Ashley Life Assurance Co Ltd - Contd. | | | | | | | | | |
| Special Term Policy | | | | | | | | | |
| Guaranteed Issue | 426.1 | 457.2 | 471 | 484.2 | 498.2 | 513.2 | 528.2 | 543.2 | 558.2 |
| Guaranteed Term 5 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 10 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 15 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 20 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 25 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 30 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 35 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 40 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 45 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 50 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 55 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 60 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 65 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 70 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 75 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 80 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 85 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 90 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 95 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 100 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 105 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 110 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 115 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 120 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 125 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 130 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 135 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 140 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 145 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 150 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 155 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 160 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 165 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 170 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 175 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 180 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 185 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 190 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 195 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 200 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 205 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 210 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 215 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 220 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 225 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 230 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 235 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 240 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 245 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 250 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 255 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 260 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 265 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 270 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 275 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 280 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 285 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 290 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 295 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 300 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 305 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 310 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 315 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 320 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 325 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 330 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 335 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 340 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 345 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 350 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 355 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 360 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 365 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 370 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 375 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 380 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 385 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 390 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 395 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 400 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 405 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 410 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 415 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 420 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 425 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 430 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 435 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 440 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 445 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 450 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 455 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 460 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 465 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 470 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 475 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 480 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 485 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 490 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 495 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 500 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 505 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 510 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 515 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 520 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 525 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 530 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 535 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 540 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 545 Yr | 202.0 | 208.0 | 214.0 | 220.0 | 226.0 | 232.0 | 238.0 | 244.0 | 250.0 |
| Guaranteed Term 550 Yr | 202.0 | 208.0</ | | | | | | | |

[illegible][illegible][illegible][illegible][illegible]

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| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 | 2101 | 2102 | 2103 | 2104 | 2105 | 2106 | 2107 | 2108 | 2109 | 2110 | 2111 | 2112 | 2113 | 2114 | 2115 | 2116 | 2117 | 2118 | 2119 | 2120 | 2121 | 2122 | 2123 | 2124 | 2125 | 2126 | 2127 | 2128 | 2129 | 2130 | 2131 | 2132 | 2133 | 2134 | 2135 | 2136 | 2137 | 2138 | 2139 | 2140 | 2141 | 2142 | 2143 | 2144 | 2145 | 2146 | 2147 | 2148 | 2149 | 2150 | 2151 | 2152 | 2153 | 2154 | 2155 | 2156 | 2157 | 2158 | 2159 | 2160 | 2161 | 2162 | 2163 | 2164 | 2165 | 2166 | 2167 | 2168 | 2169 | 2170 | 2171 | 2172 | 2173 | 2174 | 2175 | 2176 | 2177 | 2178 | 2179 | 2180 | 2181 | 2182 | 2183 | 2184 | 2185 | 2186 | 2187 | 2188 | 2189 | 2190 | 2191 | 2192 | 2193 | 2194 | 2195 | 2196 | 2197 | 2198 | 2199 | 2200 | 2201 | 2202 | 2203 | 2204 | 2205 | 2206 | 2207 | 2208 | 2209 | 2210 | 2211 | 2212 | 2213 | 2214 | 2215 | 2216 | 2217 | 2218 | 2219 | 2220 | 2221 | 2222 | 2223 | 2224 | 2225 | 2226 | 2227 | 2228 | 2229 | 2230 | 2231 | 2232 | 2233 | 2234 | 2235 | 2236 | 2237 | 2238 | 2239 | 2240 | 2241 | 2242 | 2243 | 2244 | 2245 | 2246 | 2247 | 2248 | 2249 | 2250 | 2251 | 2252 | 2253 | 2254 | 2255 | 2256 | 2257 | 2258 | 2259 | 2260 | 2261 | 2262 | 2263 | 2264 | 2265 | 2266 | 2267 | 2268 | 2269 | 2270 | 2271 | 2272 | 2273 | 2274 | 2275 | 2276 | 2277 | 2278 | 2279 | 2280 | 2281 | 2282 | 2283 | 2284 | 2285 | 2286 | 2287 | 2288 | 2289 | 2290 | 2291 | 2292 | 2293 | 2294 | 2295 | 2296 | 2297 | 2298 | 2299 | 2300 | 2301 | 2302 | 2303 | 2304 | 2305 | 2306 | 2307 | 2308 | 2309 | 2310 | 2311 | 2312 | 2313 | 2314 | 2315 | 2316 | 2317 | 2318 | 2319 | 2320 | 2321 | 2322 | 2323 | 2324 | 2325 | 2326 | 2327 | 2328 | 2329 | 2330 | 2331 | 2332 | 2333 | 2334 | 2335 | 2336 | 2337 | 2338 | 2339 | 2340 | 2341 | 2342 | 2343 | 2344 | 2345 | 2346 | 2347 | 2348 | 2349 | 2350 | 2351 | 2352 | 2353 | 2354 | 2355 | 2356 | 2357 | 2358 | 2359 | 2360 | 2361 | 2362 | 2363 | 2364 | 2365 | 2366 | 2367 | 2368 | 2369 | 2370 | 2371 | 2372 | 2373 | 2374 | 2375 | 2376 | 2377 | 2378 | 2379 | 2380 | 2381 | 2382 | 2383 | 2384 | 2385 | 2386 | 2387 | 2388 | 2389 | 2390 | 2391 | 2392 | 2393 | 2394 | 2395 | 2396 | 2397 | 2398 | 2399 | 2400 | 2401 | 2402 | 2403 | 2404 | 2405 | 2406 | 2407 | 2408 | 2409 | 2410 | 2411 | 2412 | 2413 | 2414 | 2415 | 2416 | 2417 | 2418 | 2419 | 2420 | 2421 | 2422 | 2423 | 2424 | 2425 | 2426 | 2427 | 2428 | 2429 | 2430 | 2431 | 2432 | 2433 | 2434 | 2435 | 2436 | 2437 | 2438 | 2439 | 2440 | 2441 | 2442 | 2443 | 2444 | 2445 | 2446 | 2447 | 2448 | 2449 | 2450 | 2451 | 2452 | 2453 | 2454 | 2455 | 2456 | 2457 | 2458 | 2459 | 2460 | 2461 | 2462 | 2463 | 2464 | 2465 | 2466 | 2467 | 2468 | 2469 | 2470 | 2471 | 2472 | 2473 | 2474 | 2475 | 2476 | 2477 | 2478 | 2479 | 2480 | 2481 | 2482 | 2483 | 2484 | 2485 | 2486 | 2487 | 2488 | 2489 | 2490 | 2491 | 2492 | 2493 | 2494 | 2495 | 2496 | 2497 | 2498 | 2499 | 2500 | 2501 | 2502 | 2503 | 2504 | 2505 | 2506 | 2507 | 2508 | 2509 | 2510 | 2511 | 2512 | 2513 | 2514 | 2515 | 2516 | 2517 | 2518 | 2519 | 2520 | 2521 | 2522 | 2523 | 2524 | 2525 | 2526 | 2527 | 2528 | 2529 | 2530 | 2531 | 2532 | 2533 | 2534 | 2535 | 2536 | 2537 | 2538 | 2539 | 2540 | 2541 | 2542 | 2543 | 2544 | 2545 | 2546 | 2547 | 2548 | 2549 | 2550 | 2551 | 2552 | 2553 | 2554 | 2555 | 2556 | 2557 | 2558 | 2559 | 2560 | 2561 | 2562 | 2563 | 2564 | 2565 | 2566 | 2567 | 2568 | 2569 | 2570 | 2571 | 2572 | 2573 | 2574 | 2575 | 2576 | 2577 | 2578 | 2579 | 2580 | 2581 | 2582 | 2583 | 2584 | 2585 | 2586 | 2587 | 2588 | 2589 | 2590 | 2591 | 2592 | 2593 | 2594 | 2595 | 2596 | 2597 | 2598 | 2599 | 2600 | 2601 | 2602 | 2603 | 2604 | 2605 | 2606 | 2607 | 2608 | 2609 | 2610 | 2611 | 2612 | 2613 | 2614 | 2615 | 2616 | 2617 | 2618 | 2619 | 2620 | 2621 | 2622 | 2623 | 2624 | 2625 | 2626 | 2627 | 2628 | 2629 | 2630 | 2631 | 2632 | 2633 | 2634 | 2635 | 2636 | 2637 | 2638 | 2639 | 2640 | 2641 | 2642 | 2643 | 2644 | 2645 | 2646 | 2647 | 2648 | 2649 | 2650 | 2651 | 2652 | 2653 | 2654 | 2655 | 2656 | 2657 | 2658 | 2659 | 2660 | 2661 | 2662 | 2663 | 2664 | 2665 | 2666 | 2667 | 2668 | 2669 | 2670 | 2671 | 2672 | 2673 | 2674 | 2675 | 2676 | 2677 | 2678 | 2679 | 2680 | 2681 | 2682 | 2683 | 2684 | 2685 | 2686 | 2687 | 2688 | 2689 | 2690 | 2691 | 2692 | 2693 | 2694 | 2695 | 2696 | 2697 | 2698 | 2699 | 2700 | 2701 | 2702 | 2703 | 2704 | 2705 | 2706 | 2707 | 2708 | 2709 | 2710 | 2711 | 2712 | 2713 | 2714 | 2715 | 2716 | 2717 | 2718 | 2719 | 2720 | 2721 | 2722 | 2723 | 2724 | 2725 | 2726 | 2727 | 2728 | 2729 | 2730 | 2731 | 2732 | 2733 | 2734 | 2735 | 2736 | 2737 | 2738 | 2739 | 2740 | 2741 | 2742 | 2743 | 2744 | 2745 | 2746 | 2747 | 2748 | 2749 | 2750 | 2751 | 2752 | 2753 | 2754 | 2755 | 2756 | 2757 | 2758 | 2759 | 2760 | 2761 | 2762 | 2763 | 2764 | 2765 | 2766 | 2767 | 2768 | 2769 | 2770 | 2771 | 2772 | 2773 | 2774 | 2775 | 2776 | 2777 | 2778 | 2779 | 2780 | 2781 | 2782 | 2783 | 2784 | 2785 | 2786 | 2787 | 2788 | 2789 | 2790 | 2791 | 2792 | 2793 | 2794 | 2795 | 2796 | 2797 | 2798 | 2799 | 2800 | 2801 | 2802 | 2803 | 2804 | 2805 | 2806 | 2807 | 2808 | 2809 | 2810 | 2811 | 2812 | 2813 | 2814 | 2815 | 2816 | 2817 | 2818 | 2819 | 2820 | 2821 | 2822 | 2823 | 2824 | 2825 | 2826 | 2827 | 2828 | 2829 | 2830 | 2831 | 2832 | 2833 | 2834 | 2835 | 2836 | 2837 | 2838 | 2839 | 2840 | 2841 | 2842 | 2843 | 2844 | 2845 | 2846 | 2847 | 2848 | 2849 | 2850 | 2851 | 2852 | 2853 | 2854 | 2855 | 2856 | 2857 | 2858 | 2859 | 2860 | 2861 | 2862 | 2863 | 2864 | 2865 | 2866 | 2867 | 2868 | 2869 | 2870 | 2871 | 2872 | 2873 | 2874 | 2875 | 2876 | 2877 | 2878 | 2879 | 2880 | 2881 | 2882 | 2883 | 2884 | 2885 | 2886 | 2887 | 2888 | 2889 | 2890 | 2891 | 2892 | 2893 | 2894 | 2895 | 2896 | 2897 | 2898 | 2899 | 2900 | 2901 | 2902 | 2903 | 2904 | 2905 | 2906 | 2907 | 2908 | 2909 | 2910 | 2911 | 2912 | 2913 | 2914 | 2915 | 2916 | 2917 | 2918 | 2919 | 2920 | 2921 | 2922 | 2923 | 2924 | 2925 | 2926 | 2927 | 2928 | 2929 | 2930 | 2931 | 2932 | 2933 | 2934 | 2935 | 2936 | 2937 | 2938 | 2939 | 2940 | 2941 | 2942 | 2943 | 2944 | 2945 | 2946 | 2947 | 2948 | 2949 | 2950 | 2951 | 2952 | 2953 | 2954 | 2955 | 2956 | 2957 | 2958 | 2959 | 2960 | 2961 | 2962 | 2963 | 2964 | 2965 | 2966 | 2967 | 2968 | 2969 | 2970 | 2971 | 2972 | 2973 | 2974 | 2975 | 2976 | 2977 | 2978 | 2979 | 2980 | 2981 | 2982 | 2983 | 2984 | 2985 | 2986 | 2987 | 2988 | 2989 | 2990 | 2991 | 2992 | 2993 | 2994 | 2995 | 2996 | 2997 | 2998 | 2999 | 3000 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-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| | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 | 1997-1998 | 1996-1997 | 1995-1996 | 1994-1995 | 1993-1994 | 1992-1993 | 1991-1992 | 1990-1991 | 1989-1990 | 1988-1989 | 1987-1988 | 1986-1987 | 1985-1986 | 1984-1985 | 1983-1984 | 1982-1983 | 1981-1982 | 1980-1981 | 1979-1980 | 1978-1979 | 1977-1978 | 1976-1977 | 1975-1976 | 1974-1975 | 1973-1974 | 1972-1973 | 1971-1972 | 1970-1971 | 1969-1970 | 1968-1969 | 1967-1968 | 1966-1967 | 1965-1966 | 1964-1965 | 1963-1964 | 1962-1963 | 1961-1962 | 1960-1961 | 1959-1960 | 1958-1959 | 1957-1958 | 1956-1957 | 1955-1956 | 1954-1955 | 1953-1954 | 1952-1953 | 1951-1952 | 1950-1951 | 1949-1950 | 1948-1949 | 1947-1948 | 1946-1947 | 1945-1946 | 1944-1945 | 1943-1944 | 1942-1943 | 1941-1942 | 1940-1941 | 1939-1940 | 1938-1939 | 1937-1938 | 1936-1937 | 1935-1936 | 1934-1935 | 1933-1934 | 1932-1933 | 1931-1932 | 1930-1931 | 1929-1930 | 1928-1929 | 1927-1928 | 1926-1927 | 1925-1926 | 1924-1925 | 1923-1924 | 1922-1923 | 1921-1922 | 1920-1921 | 1919-1920 | 1918-1919 | 1917-1918 | 1916-1917 | 1915-1916 | 1914-1915 | 1913-1914 | 1912-1913 | 1911-1912 | 1910-1911 | 1909-1910 | 1908-1909 | 1907-1908 | 1906-1907 | 1905-1906 | 1904-1905 | 1903-1904 | 1902-1903 | 1901-1902 | 1900-1901 | 1899-1900 | 1898-1899 | 1897-1898 | 1896-1897 | 1895-1896 | 1894-1895 | 1893-1894 | 1892-1893 | 1891-1892 | 1890-1891 | 1889-1890 | 1888-1889 | 1887-1888 | 1886-1887 | 1885-1886 | 1884-1885 | 1883-1884 | 1882-1883 | 1881-1882 | 1880-1881 | 1879-1880 | 1878-1879 | 1877-1878 | 1876-1877 | 1875-1876 | 1874-1875 | 1873-1874 | 1872-1873 | 1871-1872 | 1870-1871 | 1869-1870 | 1868-1869 | 1867-1868 | 1866-1867 | 1865-1866 | 1864-1865 | 1863-1864 | 1862-1863 | 1861-1862 | 1860-1861 | 1859-1860 | 1858-1859 | 1857-1858 | 1856-1857 | 1855-1856 | 1854-1855 | 1853-1854 | 1852-1853 | 1851-1852 | 1850-1851 | 1849-1850 | 1848-1849 | 1847-1848 | 1846-1847 | 1845-1846 | 1844-1845 | 1843-1844 | 1842-1843 | 1841-1842 | 1840-1841 | 1839-1840 | 1838-1839 | 1837-1838 | 1836-1837 | 1835-1836 | 1834-1835 | 1833-1834 | 1832-1833 | 1831-1832 | 1830-1831 | 1829-1830 | 1828-1829 | 1827-1828 | 1826-1827 | 1825-1826 | 1824-1825 | 1823-1824 | 1822-1823 | 1821-1822 | 1820-1821 | 1819-1820 | 1818-1819 | 1817-1818 | 1816-1817 | 1815-1816 | 1814-1815 | 1813-1814 | 1812-1813 | 1811-1812 | 1810-1811 | 1809-1810 | 1808-1809 | 1807-1808 | 1806-1807 | 1805-1806 | 1804-1805 | 1803-1804 | 1802-1803 | 1801-1802 | 1800-1801 | 1799-1800 | 1798-1799 | 1797-1798 | 1796-1797 | 1795-1796 | 1794-1795 | 1793-1794 | 1792-1793 | 1791-1792 | 1790-1791 | 1789-1790 | 1788-1789 | 1787-1788 | 1786-1787 | 1785-1786 | 1784-1785 | 1783-1784 | 1782-1783 | 1781-1782 | 1780-1781 | 1779-1780 | 1778-1779 | 1777-1778 | 1776-1777 | 1775-1776 | 1774-1775 | 1773-1774 | 1772-1773 | 1771-1772 | 1770-1771 | 1769-1770 | 1768-1769 | 1767-1768 | 1766-1767 | 1765-1766 | 1764-1765 | 1763-1764 | 1762-1763 | 1761-1762 | 1760-1761 | 1759-1760 | 1758-1759 | 1757-1758 | 1756-1757 | 1755-1756 | 1754-1755 | 1753-1754 | 1752-1753 | 1751-1752 | 1750-1751 | 1749-1750 | 1748-1749 | 1747-1748 | 1746-1747 | 1745-1746 | 1744-1745 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
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For further information please contact:
Derek van Tienen on
+44 1442 843 300 or Fax: +44 1442 843 121
or +44 171 873 4356 or Fax: +44 171 873 498

FINANCIAL TIMES
No FT, no comment.

FINANCIAL TIMES
No FT, no comment.

[illegible]

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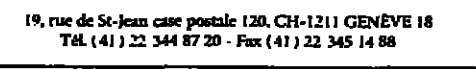
Money Market Bank Account

Offshore Funds and Insurances

■ FT Cytide Unit Trust Prices are available over the telephone. Call the FT Cytide Help Desk on 1-888-377-8778 for more details.

FT. MANAGED FUNDS SERVICE[illegible]

Shares turn

[illegible][illegible]

Spec. No. 2044

LONDON SHARE SERVICE

MY TRUSTS SPLIT CAPITAL - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

OTHER INVESTMENT TRUSTS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

INVESTMENT COMPANIES

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

LEISURE & HOTELS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

LIFE ASSURANCE

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

MEDIA

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

MEDIA - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

OIL EXPLORATION & PRODUCTION

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

OR, INTEGRATED

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

OTHER FINANCIAL

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

PAPER, PACKAGING & PRINTING

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

PHARMACEUTICALS - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

PROPERTY

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

PROPERTY - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

RETAILERS, FOOD

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

RETAILERS, GENERAL

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

RETAILERS, GENERAL - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

SUPPORT SERVICES

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

SUPPORT SERVICES - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

TELECOMMUNICATIONS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

TUBACCO

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

TRANSPORT - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

WATER

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

AM

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

TRANSPORT

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

AM - Continued

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

AMERICANS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

CANADIANS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

SOUTH AFRICANS

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

TRADED INDEX SECURITIES

| Company | Price | Change |
|------------|-------|--------|
| ABN AMRO | 10.00 | 0.00 |
| ALCANTARA | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |
| ALFA ROMEO | 10.00 | 0.00 |

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by...
1. Prices and trading volumes for the London Share Service are delivered by...
2. Prices and trading volumes for the London Share Service are delivered by...
3. Prices and trading volumes for the London Share Service are delivered by...
4. Prices and trading volumes for the London Share Service are delivered by...
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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Apr 17/US\$)

(in millions)

NYSE

NASDAQ

AMEX

NYSE

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COMPANIES & FINANCE

Hambros sets out plans for the tail-end

By George Graham and Christopher Adams

Hambros yesterday announced plans to demerge its controlling stake in Hambro Countrywide, the estate agents, and said it had "identified certain parties" who might bid for the shell of the once-great merchant banking group.

The emergence of potential bidders put the spotlight on the exotic collection of equity investments which form the bulk of Hambros' business after the sale of its banking operations to Société Générale de France for £380m.

But Hambros' share price hardly moved yesterday, closing 1/4p higher at 285p.

Besides the 51 per cent stake in Countrywide, valued at £256m, Hambros' investment activities include Berkeley Hambro, a substantial property company and

the bank's private equity group.

In addition, Hambros owns a portfolio of direct stakes ranging from port - a 17.7 per cent stake in wine merchants Corney & Barrow - to cigars, in the shape of 39.3 per cent of the cigar trader, Hunters & Frankau. Other stakes include 0.5 per cent of housebuilder Persimmon, 9.6 per cent of the Rebus computer services group, and 20.7 per cent of the Travellex bureaux de change business.

The potential bidders for the Hambros group are not interested in Hambro Insurance Services, the loss-adjusting and legal services company in which Hambros owns 52 per cent.

HIS said it had appointed DLJ Phoenix Securities to review its options. It might distribute the Hambros stake, seek an equity or joint venture partner, or conduct a share buy-back.

The break-up of Hambros

| Division | Adjusted asset value £m | Status |
|---------------------------------------|-------------------------|---------------------------------------|
| Hambros plc | 221 | Net cash from sale of bank to Societe |
| Investment Group | 167 | Subject of possible bid |
| Hambro Countrywide (51% stake) | 256 | To be de-merged |
| Hambro Insurance Services (52% stake) | 35 | Future trading review |
| Guinness Flight Hambro (44% stake) | 46 | Looking at possible buyers |
| Total value | 735 | |

Source: Company data, FT estimate

Fishers International has approached Hambros twice in the last year about HIS, but has made no formal bid. Other potential buyers include Crawford THG and Ellis & Buckle. All three provide processing and loss-adjusting services.

HIS is under less pressure to find a partner than it would have been three years ago. Interim pre-tax profits increased this year to £3.84m

(£4.53m), helped by an exceptional £6m gain from the sale of Beale Dobie, which traded second-hand endowment policies.

The share price fell 2p yesterday to 105p, well below the 138p on flotation in 1993. Hambros also owns a 44 per cent stake in Guinness Flight Hambro, a fund management group with £7.4bn under management. Guinness Flight's future is uncertain

after the recent sale to Investec of South Africa of its other major shareholder, Guinness Mahon.

Guinness Flight's management is unenthusiastic about Investec, and has also appointed DLJ Phoenix to look for other buyers.

If Investec were to bid for Hambros, it would gain 88.5 per cent of Guinness Flight without triggering the pre-emption rights of the management, who own 11.5 per cent.

Hambros also owns 22.3 per cent of another fund manager, Strategic Value Corporation, with £2.2bn (£809m) under management.

Hambros was unable to distribute its shares in Countrywide directly to shareholders without incurring a tax charge. The demerger will therefore take place through a reduction in capital: shareholders will receive one new Hambros share

with a different nominal value, plus Countrywide shares in proportion to their holding. Investors are likely to receive 79 Countrywide shares for every 100 Hambros shares held.

The Hambros group holds £231m of net cash resulting from the bank sale. The listed stakes in Hambro Countrywide and Hambro Insurance Services are valued at £256m and £36m respectively.

The investment group's book value last September stood at £131.5m. Adding in Strategic Value and Guinness Flight gives a possible value of £768m. Shareholders stand to receive less than that, however. Besides running costs and adviser's fees, principally Schroders, it is likely to face tax liabilities on some disposals.

See Lex

EMI agrees £12m pay-off in restructure

By John Capper

EMI Group, the music recording and publishing group, yesterday tried to end a damaging period of instability by restructuring its senior management and agreeing a £12.5m (£21m) pay-off to Jim Ffield, head of its music division.

EMI avoided appointing a group chief executive under Sir Colin Southgate, its executive chairman, by promoting Simon Duffy, finance director, to the new position of joint deputy chairman with Sir Peter Walters.

Shareholders said the pay-off to Mr Ffield was as expected, although they were unhappy at the amount. However, they were puzzled by Mr Duffy's new role, which EMI did not explain in its announcement.

One institution said EMI "should have spelled out what it meant so we could at least understand it." The new structure "sounds like a stop-gap arrangement that does not address the root of the problem."

Sir Colin was recently appointed chairman of the Royal Opera House, and considered becoming a non-executive. EMI said he would remain an executive and be supported by Mr Duffy, who

would keep his finance role.

Mr Ffield, who decided to leave his post after the board rejected a proposal to promote him to group chief executive, will receive £8.5m for the early termination of his contract. He will also be paid a £2.2m pension contribution to which he would have been entitled when his contract expired next March.

EMI said he would also gain immediate access to shares and options worth about £2m. He could have been entitled to about £21m under his contract if he had been dismissed, receiving three times his annual salary and bonuses, which last year were just under £7m.

Martin Bandler, chief executive of EMI's music publishing arm and Ken Berry, chief executive of its record label, will join EMI's board. The two had reported to Mr Ffield, whose role will disappear. EMI said it no longer needed a separate music division to hold music publishing and recorded music.

Sir Colin said Mr Bandler and Mr Berry were "acknowledged as two of the most talented music executives in the industry" who would help EMI's "direction and strategy". He made no reference to the enlarged role of Mr Duffy.

Stock control hits Laura Ashley Alchemy tipped to raise £250m

By Robert Wright

Shortages of popular lines in Laura Ashley's US stores helped to depress results in the year to January 31, the retailer said yesterday.

David Hoare, chief executive, said that popular lines had been discounted as sharply as less popular ones when the company's over-high stock levels were reduced, creating shortages.

The problem contributed to a fall in US retailing results, from a £3.3m pre-tax profit to pre-tax losses of £19.1m, even before £10.3m of exceptional charges.

There have been particular problems with bigger stores in the US, forcing the company to include a £3.4m provision in the charges for closing up to six large stores.

Ashley announced earlier this year that it was to sell its Welsh factories, but Mr Hoare said the negative publicity surrounding the company meant little progress had been made in selling them. A further £9m provision had been taken for the sale.

The North American stores were down 20 per cent, like-for-like for the first 10 weeks of the current year.

Like-for-like current sales

were down 13 per cent in the UK and Ireland, and 20 per cent in continental Europe. Mr Hoare said sales had been hit by the stores' return to selling at full price with only occasional discounts.

Net debt rose to £30.6m (£16.8m), while shareholders' funds fell to £19.7m (£70.1m), to give gearing of 155 per cent (24 per cent).

There is no dividend for the year.

Operating losses were £36m (profits of £14.4m), leaving losses per share of 20.5p (earnings of 4.25p).

Comment

The fact a little-known Malaysian conglomerate is riding to the rescue says much about the situation: better-known operators with wider experience of the US appear highly reluctant to chance their arms with Ashley.

Analysts predict pre-tax losses of about £18.7m this year, with profits unlikely for about three years. MUI's cash injection, and the debt reduction, should have helped to improve forecasts, but the appalling like-for-like figures suggest trading is even worse than expected.

Alchemy tipped to raise £250m

By Katherine Campbell, Growing Business Correspondent

Alchemy, the investment boutique founded by Jon Moulton last year, is expected to raise up to £250m to be targeted at companies in the UK, Germany and Switzerland over the next 12 months, giving it a place in the super-league of European private equity houses.

Mr Moulton's unusual one-year rolling funding structure would arguably give Alchemy fire power equivalent to that of a £1bn 10-year fixed-life fund, the more usual industry model, because the latter would typically be invested in the first four or five years of its life.

A handful of established private equity managers have raised large investment pools, such as Schroder Ventures, where Mr Moulton worked until 1994, though even its fund is only £1bn (£500m). The largest is the £2.5bn fund from Doughty Hanson.

Investors - primarily institutions from the US, UK and Middle East - are expected to finalise their commitments within the next six weeks. Alchemy stressed that the funds did not have to be invested within 12 months if the right opportunities were not available.

Mr Moulton's group has already invested about £50m in 13 companies, out of an initial pool of £100m. Its largest deal was the buy-out of Wellman, the engineering group, which it took private for £75m. The average transaction size is now £50m-£60m and Mr Moulton forecast some "lumpy" deals in the pipeline, worth several hundred million pounds.

He said he expected to invest between 30 and 45 per cent of the new money in Germany, where Alchemy will shortly open an office. "The deal flow is remarkably strong. We are already getting two or three a week".

The biggest problem in Germany would be finding managers with buy-out experience, he said.

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Heavy trading in Cendant continues

By John Authors in New York

Trading continued at a hectic level yesterday in Cendant, the direct marketing company which announced late on Wednesday that it would need to restate its profits for 1997 following the discovery of accounting irregularities.

By midday, Cendant, which wants to buy the UK's National Parking Corporation, had regained 1 1/4 at \$20 1/4, with 28.4m shares

changing hands, treble the amount of the next most heavily traded stock. This left the stock still far off its highs following its 47 per cent fall on Thursday.

Cendant has also terminated the employment of Cosmo Corigliano, former chief financial officer of CUC International which merged with HFS to form Cendant last year. The company said this week that the irregularities stemmed from problems at the former CUC.

Cruises propel strong P&O quarter

By Jonathan Ford

Peninsular & Oriental Steam Navigation, the shipping and property group, yesterday said its cruise ships division had enjoyed a strong first quarter, boosted by growing demand in the important US market.

The cruise division, which operates 14 vessels,

increased volumes - measured in passenger days - by about 3 per cent to 1.3m compared with the first quarter of 1997.

Princess Cruises, P&O's US operator, increased passenger days from 930,739 to 985,939, while P&O Cruises, saw a reduction from 353,400 to 339,140 - mainly as a result of the replacement of

the Canberra by the smaller Arcadia. P&O said that passenger yields were higher than last time, and bookings over the remainder of the year were higher than last year.

P&O's cruise operations contributed £175.2m - or 30 per cent - of group operating profits last year. The group has embarked

on an expansion plan to capitalise on growth in the US market and has ordered six new vessels at a cost of £1.5bn. These are to be delivered between now and 2001.

The first of these, the Grand Princess, is expected to enter service in May, and the group said advance bookings were strong.

Shares vie with league positions as clubs anxiously await the final whistle

Patrick Harverson looks at the ups and downs of the now corporate world of football and the very high financial stakes involved as the season nears its end

Today's Premier League match between Barnsley and Tottenham Hotspur will not be for the faint-hearted.

In football parlance the fixture is a six-pointer - a battle between two sides locked together at the bottom of the league table for whom the result is doubly important. For the loser three precious points are relinquished to its rival and the threat of relegation looms larger.

But the stakes are just as high in financial terms, especially for publicly-quoted Tottenham, whose deteriorating share price this season has matched the team's poor performances on the pitch.

For either club, relegation to the First Division - where income from television, sponsorship, ticket sales and merchandising is much lower than in the Premiership - would mean the loss of millions in revenue.

However, it would be particularly disastrous for Tottenham. With its multi-million-pound players, large wage bill and newly refurbished stadium, the north London club is used to life among football's elite.

The club itself recently provided City analysts with an estimate of the financial cost of relegation. Nick Batram, who follows the football industry at Greig Middleton, the broker, recalls: "They said they thought it would cost them £4.25m (in lost turnover) compared to what they would make this year. But you have to compare it with what they would earn next season if they stayed in the Premiership, which would put the cost of relegation nearer to £5m or £6m." That would be as much as 17 per

cent of annual turnover. Profits would also fall sharply, because the biggest source of lost revenues is television income, most of which goes straight to the bottom line at football clubs.

But Tottenham is not alone among quoted clubs in facing the drop. Newcastle United and Bolton Wanderers are also under threat, and like their London rival, their shares have taken a battering this season. Newcastle has fallen 30 per cent and Burnden Leisure (Bolton's parent company) a whopping 56 per cent.

Admittedly, the football sector as a whole has performed dreadfully this season, but the market has been especially hard on clubs near the bottom. Conversely, two clubs at the top of the first division with a strong chance of promotion to the Premiership have been rewarded by the market.

Shares in Nottingham Forest, relegated last year but currently favourites to return to the Premiership, have recovered from their post-flotation slump, when they dropped from 81p to 47p, and have gained 60 per cent since late January.

Similarly Sunderland, standing at second in the First Division, has seen its shares climb 78 per cent since the team started its run to the top of the table in December. The market views Sunderland as the club best placed to benefit from promotion because of the size of its new 41,500-seat stadium and its large support.

In contrast, shares in three clubs also fighting hard for promotion - Charlton Athletic, Sheffield United and Birmingham City - have failed to respond to their

team's good performances. These clubs are seen as likely to earn less from gaining entry to the top flight.

In a report on the sector, the stockbroker Williams de Broe forecasts that promotion would add about £5m to Sunderland's pre-tax profits next year. Yet it calculates that the boost from promotion would be worth only £2m to Charlton, £2.7m to Birmingham and less than £1m to Sheffield United.

Michael Goldman, a fund

manager who invests in football clubs, says: "The biggest value ultimately is in the biggest brands. I'm not saying there aren't opportunities elsewhere... but if you look at some of the valuations of the big brand names they are absurdly low. Look at Chelsea's value: its [market capitalisation is] two times turnover."

He would rather make a long-term investment in a Chelsea, Manchester United or possibly Sunderland, than

take a short-term gamble on Charlton or Sheffield United.

This view is representative of most institutional investors. Although shares in clubs in the thick of promotion and relegation battles are always volatile at this time of the season, it is not because institutions are switching in and out of different clubs as match results dictate. The small number of City institutions which invest in football are not speculative traders.

"We try to identify clubs that will be successful for the future," says a fund manager with holdings in several clubs who stays out of the market at this time of the season. Even if institutions wanted to play the sector they would find it difficult because liquidity in many football stocks remains poor.

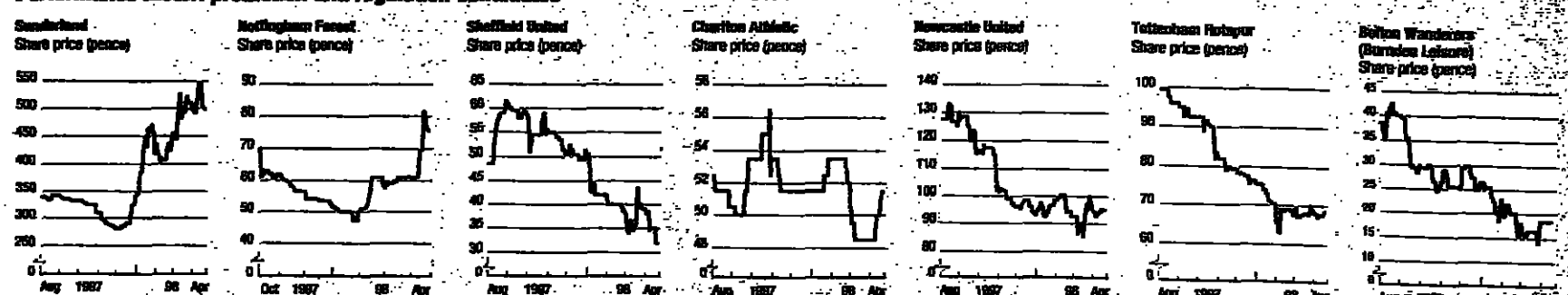
"You can't buy or sell in size. The market would go against you whatever you were trying to do," says

one trader in the sector. So who is behind the sort of price volatility that last week saw shares in Nottingham Forest gain 15 per cent in one day and Sunderland lose 8 per cent because of weekend results? The answer is opportunistic marketmakers moving their bid and offer prices in search of business, and private speculators using their knowledge of football to gamble on the final outcome of league positions. For them, it is fantasy

football with real money. Yet this is a game which holds no attraction for City professionals. As Mr Batram puts it: "It's so intangible that you can't really predict results, although as a football fan I've got my ideas of what's going to happen. For example, I don't think Tottenham will go down, but I think the situation there is not inherently attractive enough at this level to buy the shares even if they stay up."



Performance factor: promotion and relegation candidates



RESULTS

| | Turnover (£m) | Pre-tax profit (£m) | EPS (p) | Dividends | Current dividend (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---------------------|---------------|---------------------|---------|-----------|----------------------|-----------------|------------------------|----------------|-----------------|
| Alliance Healthcare | 1,712 | (1,478) | 58.2 | (40.24) | 22.5 | (13.3) | 5.4 | July 1 | 8.7 |
| Anglo Irish | 2.7 | (1.41) | 0.369 | (0.082) | 12.91 | (41.1) | 2 | July 3 | 3 |
| Ashley (Laura) | 344.9 | (327.5) | 49.514 | (16.2) | 20.871 | (41.1) | 4.28 | nil | nil |
| Barclay Health | 3.87 | (1.72) | 0.12 | (0.05) | 0.82 | (0.3) | nil | nil | nil |
| Blackwood Hedge | 1 | (-) | 0.233 | (0.044) | 0.4 | (0.8) | nil | nil | nil |
| Emerald Energy | 0.549 | (0.631) | 0.029 | (0.0714) | 0.081 | (0.18) | nil | nil | nil |
| Investment Trusts | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Headmaster General | 177.8 | (129.5) | 1.82 | (1.75) | 7.75 | (7.05) | 1.7 | May 22 | 1.8 |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. (N) increased capital. (A) Am stock. (S) excludes results of Alliance Santa. (C) Comparatives for 15 mns.

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شركة من الامم

EMI agrees
12m pay-off
in restructure

Nissan warns after securities losses

By Paul Abraham in Tokyo

Nissan, Japan's second-biggest carmaker, yesterday warned that consolidated net profits for the year to the end of March would fall nearly 80 per cent.

The group blamed huge losses on its securities portfolio and poor profitability in its domestic and North American operations.

The group said net earnings would drop from last year's ¥77.7bn to ¥16bn (\$7.5m), on turnover down 2.4 per cent to ¥6,500bn. The profits decline was despite a

¥30bn gain on foreign exchange because of the yen's weakness.

Nissan said it planned to pay a year-end dividend of ¥7 a share, as promised.

The warning was issued after the market closed and the shares were unchanged at ¥370.

After the announcement, Moody's, the US credit rating agency, said it was considering downgrading Nissan's debt from BAA1, only three notches above junk-bond status. Moody's said it was concerned by the carmaker's cash flow and high

debt levels. At the end of March 1997, Nissan had debts - excluding liabilities associated with its leasing activities - of ¥2,256bn compared with equity of ¥1,256bn.

Nissan's problems are exacerbated by its relationship with the financially stretched Fuyo *keiretsu*, or business grouping. The Fuyo includes troubled companies such as Fujita, the construction concern, and Yasuda Trust.

Takahiro Morita, an automotive analyst at Moody's, said: "We're not looking at a

disaster scenario yet, but we have to look at the willingness and ability of the Fuyo group to support Nissan."

Nissan's ¥30.4bn losses on its securities portfolio were predictable given the benchmark Nikkei 225 index ended the financial year more than 8 per cent below the 18,000 level of the previous year, said Edward Brogan, automotive analyst at Salomon Smith Barney.

However, the deterioration in Nissan's US and Japanese businesses had not been predicted, he said. Although the US market was buoyant, Nis-

san's sales fell 33 per cent in the first quarter this year. The group was suffering from lower-than-expected residual values on its car leases, while the supply of second-hand cars had expanded, hitting sales of Nissan's entry-level vehicles.

Mazda, the Japanese carmaker, said its US joint venture with Ford planned almost to double output to 150,000 units in 1998, from about 100,000 units in 1997. It also said it had ¥22.3bn in net unrealised losses on securities holdings at the end of the year to March.

Canadian banks respond to threat south of Toronto

T-D Bank's planned merger is seen as a defence against US consolidation, write Edward Alden and George Graham

When Royal Bank of Canada and Bank of Montreal announced plans to merge in January, Charles Baillie, president of Toronto-Dominion Bank, described the plan as a tremendous opportunity for his own bank.

The merged bank would be predicted to run, he predicted, and T-D, Canada's fifth largest bank, would capitalise by stealing disgruntled customers.

However, the size of the new domestic competitor was already giving Mr Baillie second thoughts.

"We are having to look at what the implications are of a bank that has 40 to 45 per cent market share. You do wonder, when somebody has that large a share, whether you can still outperform them."

Yesterday, following a new wave of huge financial mergers in the US, T-D Bank announced it would merge with the Canadian Imperial Bank of Commerce, the second largest of Canada's five big banks. The new institution will have assets of C\$460bn (US\$320bn), putting it just behind the C\$478bn of the combined Royal Bank and Bank of Montreal. It will be North America's tenth largest by market capitalisation, at C\$45bn, and will be known as the Canadian Imperial Bank of Commerce.

Mr Baillie will be president and chief executive.

Services in the US, and its aggressive strategy of buying up smaller discount brokers, the combined bank will now have the second largest discount brokerage in the world.

No other financial institution in North America currently offers the same combination of investment banking and discount brokerage, says Douglas Trott of Taddingstone Consulting Group, the banking strategy consultants.

But the motives for the merger are as much defensive as offensive. Canadian banks are facing growing competition in Canada from US firms such as MBNA's credit card services and Wells Fargo's electronic banking.

"The question now is whether the Canadian government will tolerate two huge bank mergers any more readily than one. It certainly gives people a clear picture of the choice," the finance ministry said.

Should Ottawa accept a few large banks that will be more competitive internationally, or should it force them to remain separate in the interests of domestic competition and consumer choice? The decision is a perilous one for the government, because Canada's banks are popularly seen as fat and complacent, reaping huge profits when wages are flat and unemployment high.

Paul Martin, finance minister, reiterated yesterday that he would not be pushed off his timetable. A task force on Canadian financial services is scheduled to report in September, and the government will wait until then to decide whether to approve the mergers.

But Canadian investors have long since decided what the answer will be. Canadian banking stocks are up 30 per cent on the year already and yesterday's news produced only a slight drop in share prices.

However, if Mr Martin says no this fall, the reaction may be rather different.

Strong dollar curbs growth at McDonald's

By Richard Tomkins in New York

McDonald's, the US fast food chain, yesterday reported profits growth of just 5 per cent in the first quarter as it struggled against the effects of a strong dollar, tough competition in the US and Asia's economic downturn.

Net profits rose from \$344.6m to \$362.2m, while stock repurchases helped lift earnings per share by 8 per cent to 59 cents, in line with analysts' forecasts.

Sales rose by 4 per cent to \$8.2bn.

McDonald's derives about 55 per cent of its operating profits from outside the US, and was badly hit by the rising dollar. If exchange rates had stayed the same, it said, net profits would have risen by 9 per cent and earnings per share by 13 per cent.

Outside the US, McDonald's said it had been hit by the economic downturn in several south-east Asian countries. To minimise the effects, it had adjusted menus, changed suppliers, raised prices and reduced planned openings in some markets.

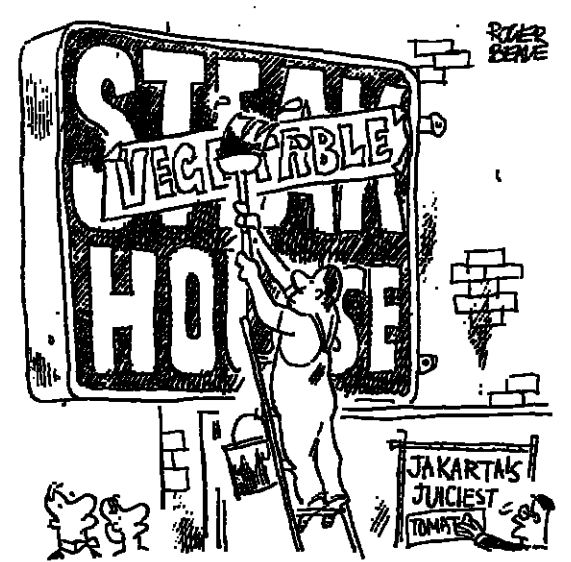
Indonesia off the menu

By Susan Robinson in Jakarta

McDonald's is to close 13 of its 100 restaurants in Indonesia, despite the group's continuing expansion in the rest of the Asia-Pacific region.

The move is one of the most revealing signs yet of the crippling effect on corporate revenues and consumer confidence - of the plunge in the value of the Indonesian rupiah.

It follows a dramatic downsizing of the company's popular "Happy Set" children's meal.



McDonald's introduced a new "Happy Set" menu in February, after the rupiah plunged against the dollar to 17,000, from less than 3,000 before last August.

The "Happy Set" no longer comes with a free toy or with French fries made from imported potatoes, which had tripled in cost in the six months to January.

But the changes were not enough to prevent a reduction in the number of McDonald's outlets - at a time when the company plans to invest \$1.5bn and open 2,000 new restaurants in the rest of the region over the next three years.

The decision to close the outlets reveals a reversing of prospects for the country's economic recovery. In 1997, McDonald's opened 41 new restaurants, or nearly half its total outlets in Indonesia.

McDonald's was well placed to benefit from the increasing affluence of the

Indonesian middle class in the past few years. Its policy was to use only imported beef, mostly from Australia, as it believed Indonesian abattoirs did not meet its hygiene standards. But as the rupiah plunged, the policy proved financially crippling.

"We just have to adjust to the new conditions and stay in business, and to do that we have to keep prices as low as possible and get back to basics," said McDonald's Indonesia.

Others are not so flexible. The Regent Steakhouse, in Jakarta's Regent Hotel, is seen as the country's top steak restaurant, trading on the fact that its extensive

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| THURSDAY APRIL 16 1998 | | | | | | | | | |
|------------------------|--------|--------|--------|--------|--------|--------|------|------|--------|
| Regional | Index | Change | YTD | 1M | 3M | 6M | 1Y | 5Y | 10Y |
| Australia (79) | 212.88 | -0.3 | 191.75 | 182.33 | 205.89 | 224.16 | 0.3 | 3.47 | 218.31 |
| Canada (22) | 222.40 | -0.6 | 185.78 | 186.15 | 210.00 | 203.84 | -0.4 | 1.56 | 224.73 |
| France (29) | 222.38 | -1.0 | 227.00 | 217.05 | 217.05 | 217.05 | -1.3 | 1.85 | 225.00 |
| Germany (20) | 225.10 | -1.3 | 225.10 | 225.10 | 225.10 | 225.10 | -1.3 | 1.85 | 225.10 |
| Italy (12) | 247.41 | -0.2 | 216.74 | 208.10 | 232.50 | 257.49 | -0.2 | 1.58 | 247.41 |
| Japan (80) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| Netherlands (14) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| Spain (11) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| Sweden (10) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| Switzerland (10) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| UK (20) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| US (20) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |
| World (100) | 217.77 | -0.5 | 217.77 | 217.77 | 217.77 | 217.77 | -0.5 | 1.24 | 217.77 |

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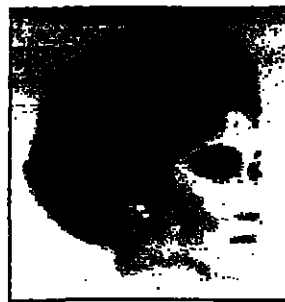
Inventive invective

'Foes of the former Australian prime minister were everything from a 'bloated toad' to a 'feral abacus'



Chemical attraction?

'Researchers discovered chemicals in chocolate which may appeal to the same part of the brain as does cannabis'



Feathered bird

'I am a phoenix emerging from the ashes of persecution, more beautiful, more godly and more enlightened'

The fight that fizzled

Andrew Jack describes the spirit – and the ultimate futility – of the student troubles in Paris 30 years ago

Jean-Michel Bérard stood to announce his decision. His voice trembled. One hundred pairs of eyes were fixed intently on the young student as his classmates waited to hear whether he would stick to the pact he had made with them a few months before. Like many of those watching him expectantly, he had taken part in the street demonstrations on the surrounding Parisian streets four years earlier in 1968. Now he faced a far more fundamental decision that would affect the rest of his life. "I remember his voice ringing in my ears," says one witness. "It was a real drama."

Two students had already spoken and stayed true to their word, ensuring that history would be made. For the first time, the highest-ranked pupils at the *Ecole Nationale d'Administration* (ENA), France's elite "finishing school" for top civil servants, had spurned the most illustrious openings available to them in the *grands corps*, in favour of careers in

'Revolution by violence was not the solution; the alternative was to fight from the inside'

less favoured ministries such as education and social affairs.

In doing so, they had helped write the concluding chapter of the student troubles of May 1968. To the world at large, theirs was a modest and even irrelevant gesture. But it was one that struck to the heart of the French establishment, and proved in many ways as potent a demonstration of discontent as all the barricades and violence that had preceded it.

The late-night discussions culminated in a show-down that would help propel some to fame, while leaving scars on others that have not healed to this day. It would also serve to symbolise the spirit – and in many ways, the ultimate futility – of the era, which proved very fertile in the creation of snappy catch-phrases but left little concrete legacy.

ENA might seem a curious place from which to examine the legacy of the generation of 1968. But the students who entered the school in 1970 for its two-year course – many of whom have gone on to prominent positions in public life – were imbued with the events of the recent past.

"I was a Maoist," says Catherine Bersani, who was later to swing to the right. At just 14, she had joined the Communist party in opposition to the continued French occupation of Algeria. She was expelled 18 months later for daring to criticise Stalin, at a time when Moscow firmly dictated the party line, and was in conflict with Beijing and Mao.

Politically, the events of 1968 represented a rejection by the baby-boom generation of General de Gaulle, 10



their statement after the Gaullist government threatened to expel them.

But it would be the members of the "Charles de Gaulle" promotion, with 1968 fresh in their minds despite the reactionary name they bore, who would push the system to its limits. Ironically, while the 30 members of the recently created CFDT union debated broader societal issues, it would be a group of the less politicised students who took the initiative, led by Thierry Da, now head of the French operations of the insurer Sedgwick.

Very quickly, they were being sucked into the ENA classment system: the competitive rankings which would determine which job they took on graduating. The top 15 or so would have access to the three *grands corps* – the *inspection des finances*, the *conseil d'état* and the *cour des comptes* – which offered the most prestigious and best-paid jobs in the civil service.

This elite within the elite had the freedom to stand for election as politicians or to secure illustrious jobs in the public and private sectors alike, while always secure in the knowledge that they could return to a paid job in their corps at any time if things went wrong.

"ENA does not train people. It ranks them not by intelligence, but by conformity. It was that we wanted to explode," says Joel Lebeschne, one of the original signatories to the pact and now a prefect in north-western France. "Those that go into the *grands corps* progress rapidly, without ever managing more than one person. That's the big problem with French technocracy."

It is an analysis that is more valid than ever today, as the huge losses in state-owned enterprises in the 1990s – at the banks Crédit Lyonnais and Crédit Foncier de France, or the insurer GAN, for instance – have been incurred thanks to or in spite of the members of the *grands corps* who ran them.

Da launched a motion calling on his classmates to reject the *grands corps*. If successive promotions did the same, he argued, their stranglehold on the top jobs would be weakened and young *enarques* would pursue more practical careers in other parts of the administration which most needed their talents and energies.

The CFDT was strongly divided, with a number of its members opposed, including Louis Gallois, Jean-Louis Bérard and Didier Bergas, who says: "We thought it was superficial, idealistic, boy scout-ish." But by a majority vote, the union resolved to support the motion, and soon two-thirds of the class had endorsed it.

As word got out, pressure mounted on the rebels in the promotion to abandon their pledge. *Le Monde* denounced the young *enarques*. The *grands corps* themselves reduced the number of posts available in 1972 to 12. Representatives of the government ministries tried to dissuade them. They were torn between the arguments of their families and those of their class members who were opposed. Meanwhile, the next promotion voted against a similar motion.

The battle was already lost. The final act came in the Treuille room at ENA, on May 31 1972. At the so-called *amphi-garrison*, students speak out in the order of their grading to make their choice. Thierry Klingner was first. Paradoxically, although he had refused to have anything to do with the rebels, he merely confirmed his long-stated if unusual choice to join the ministry of the interior with the aim of becoming a prefect.

Denis Prieur came next. He had been the joint architect of Da's motion, and was regarded as the "moral con-

science" of the promotion. No one expected him to waver, and he did not disappoint. He, too, chose the prefecture.

The first real test came with Bérard. He had opposed the motion, only signing out of solidarity with the majority CFDT decision. The son of a *conseiller d'état*, he had planned to follow suit. Now his ranking gave him the chance to fulfil his dream. In a scene vividly recalled by his classmates, he said: "My vocation is the *conseil d'état*. But I choose the prefecture." And he burst into tears.

Others would take a less honourable route. Bérard was followed by Jean-Claude Pirié, another original signatory and now working at the *conseil des ministres* in Brussels. He broke his pledge, announcing his choice of

the *conseil d'état* to cries from his classmates. It was a "treason" for which many do not forgive him to this day.

There was more compassion for those like Alain Juppé, next in line, who had stated from the start that he had worked hard to achieve the best possible civil service career, and never had any intention of backing the motion. He chose the *inspection des finances*.

The situation was more ambiguous for others further down the rankings. Since many signatories stuck to their pledge, the last of the 12 *grands corps* posts was picked by the 29th in the classment. That left resentment that some had taken advantage of the principles of others. Philippe Toussaint, now an executive with Paribas, was able to become an *inspecteur des finances* even though he was in 22nd position. "Everyone is free to do what they want," he says. "I never signed. Those that did played with their own future."

The promotion Charles de Gaulle was right in its criticism of the classment system. Those who ranked most highly were not automatically destined for the most brilliant careers, any more than those who joined the *grands corps*. Those who proved most successful were largely those who had shown leadership qualities and spoken out, whether for or against Da's motion.

Yet the *grands corps* had the last laugh. Sitting under the gilded ceiling of a reception room in Le Mans where he is now prefect, Jean-Michel Bérard stresses repeatedly that his chosen profession interests him and that he has no regrets. But he adds that he would never advise his daughter, who is now preparing to go to ENA, to take on the establishment in the way he did. He adds: "The *grands corps* remain the best choice."

He broke his pledge to his classmates. It was a treason for which many do not forgive him to this day

ENA does not train people. It ranks them not by intelligence, but by conformity

inspired by the events that had taken place exactly 100 years earlier – proposed "the Paris Commune". Its supporters included Didier Bergas, then a militant communist who is now an inspector

with the education ministry, Christian Pierret, now the Socialist industry minister; and Louis Gallois, chairman of the SNCF.

Those on the right chose "de Gaulle", in memory of the general who had died two months before. "That was my first political combat," says a certain Alain Juppé, who would go on to become France's prime minister in 1995-97. Some of his classmates play down Juppé's role, saying he was more concerned with doing well in his exams than in politics. The name would win, but only by the narrowest of margins.

While the promotion of 1968 had been too absorbed in their studies to take much part in the demonstrations going on around them, that of 1969 made some tentative gestures of revolt. They publicly declared that "we are all socialist civil servants", before hastily withdrawing

Those on the left –

was the logical career choice. And ENA offered the best possible terms of entry. "It was the way to get to the heart of power to change it," says Clement. "After all, May 1968 ended in June 1968 with the failure of the student and union movement. We concluded that revolution by violence was not the solution; we had to find an alternative. ENA was a way to fight from the inside."

The 100 young *enarques* selected for the class of 1970-72 had little contact with each other for the first few months of their course. In line with the practical tradition of the school, they were sent on individual secondments to work with prefects – the posts created by Napoleon in 1800 to enforce the grip of the centralised, Parisian-based state around the country.

Before their studies began in Paris, ENA brought them together for a week in Janu-

ary 1971 at Font-Romeu, a mountain resort in the Pyrenees. Conflict developed rapidly. What name should they give to their "promotion" or class?

For bright students taking stock after the troubles of mid-1968, the civil service

together for a week in Janu-

Contents and columnists

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Joe Rogaly
Bring me David

'If organised labour no longer has the power, who will pull back the ambitions of the Gollaths?'

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WE MAKE THE NETWORK

PERSPECTIVES

The Nature of Things

Forbidden love of eating chocolate

Why is this indulgence so compelling? Vanessa Houlder detects there is more than taste to it

Chocolate is one of the most compulsive of everyday pleasures. It is not merely delicious; it is also mildly addictive. Two out of five women and more than one in 10 men admit to intense cravings for chocolate, according to a recent Canadian study.

So what is it about chocolate that makes it so compelling? The explanation is not fully understood, but seems to draw on elements of taste, chemistry and psychology.

Its taste, one might imagine, can explain a lot. It is rich, creamy and delicious. Moreover, chocolate, like wine, has a complex range of flavours and aromas which develop during the fermentation and roasting of the cocoa bean and surrounding pulp.

Savouring a piece of good quality chocolate is a delectable experience. Not only is there a perfect balance between sweetness and bitterness, but careful analysis reveals subtle flavours including fruit, wine, sherry, caramel, flowers, tea, almonds, butter and even cheese.

Its texture is also unique. Cocoa butter – the fat that occurs naturally in cocoa beans – gives chocolate its distinctive smoothness and its ability to melt at mouth temperature. It absorbs heat from the lining of the mouth, slowly releasing the rich chocolate flavour as it melts.

But analysing the subtleties of the taste and texture of chocolate may be missing the point. Some experts think that explanation of chocolate's appeal goes beyond the simple pleasure of eating it. In explaining why people get so hooked on chocolate, they look to ingredients that subtly influence the chemistry of the brain.

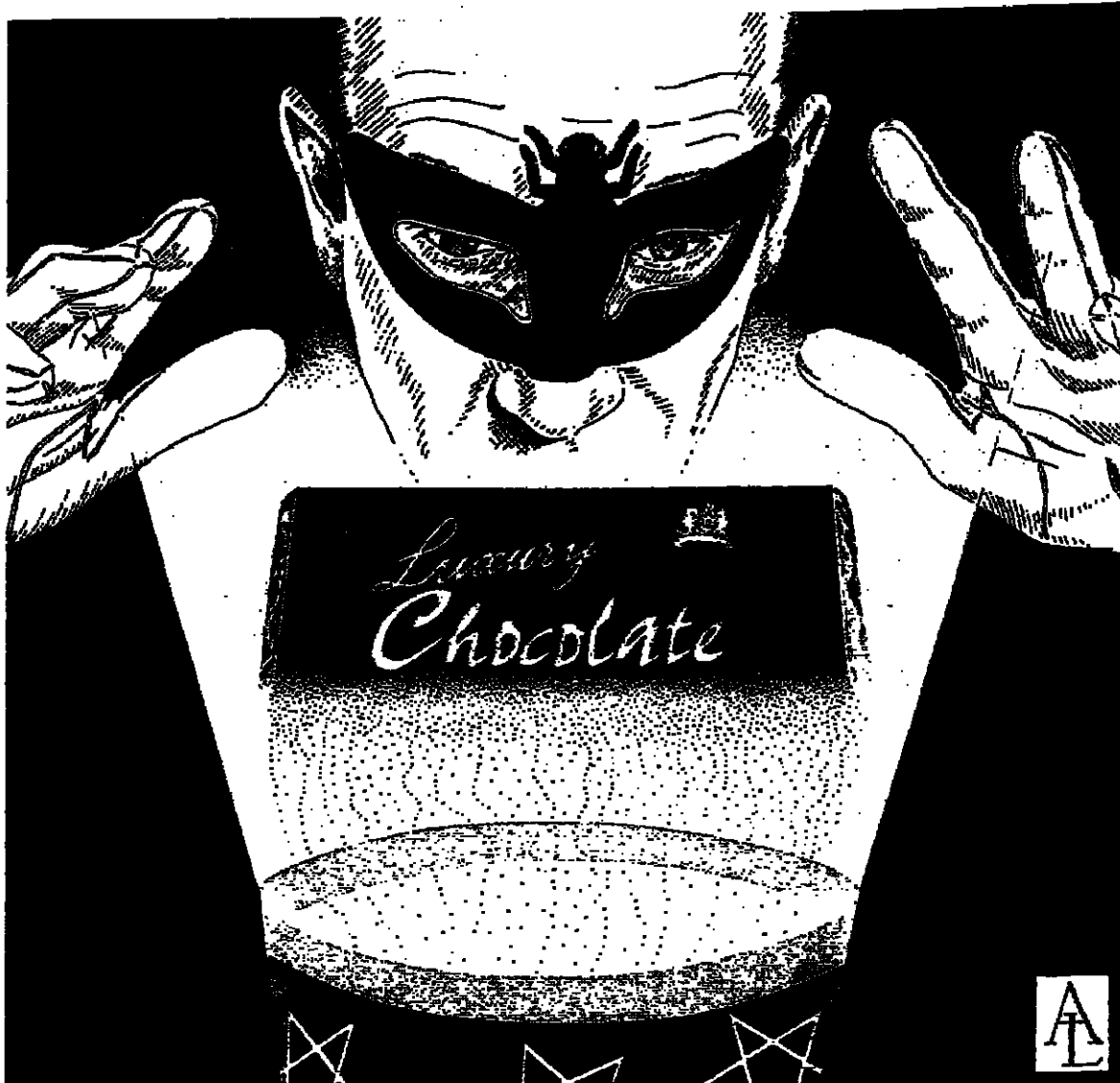
The addictive power of chocolate could lie with one or more of the 300 chemicals detected in it. There is little caffeine, but the main stimulant is a similar chemical, theobromine, named after the cacao tree, whose botanical name *Theobroma* is Latin for "food of the gods".

Another intriguing substance in chocolate is phenylethylamine, of which there can be up to 0.7g in a 100g bar. This chemical, which has a fish-like smell when concentrated, has been shown to raise blood pressure, producing a heightened sensation and a feeling of well-being.

Recent research has unearthed yet another set of chemicals that could explain the appeal. Researchers at the Neurosciences Institute in San Diego discovered a group of chemicals in chocolate which may appeal to the same part of the brain as does cannabis. It is not yet clear, however, whether these chemicals have any effect at the tiny concentrations in which they are found.

Some researchers are convinced that such chemicals hold the key to explaining chocolate's appeal.

Yet a simple experiment recently conducted by Paul Rosen, a professor in the department of psychology at the University of Pennsylvania, suggests the real explanation lies elsewhere.



has the same texture and "melt-in-the-mouth" property.

The white chocolate satisfied about half of people's cravings. Adding the chemicals containing the chemicals did not make any difference to how they rated the craving.

The conclusion drawn by the researchers was that the allure of chocolate had little to do with its pharmacological properties.

But if it is not the chemistry that makes chocolate so attractive, could it be psychological? Some psychologists argue that we turn to chocolate for comfort because we associate it with treats in our early life.

Another theory is that we crave chocolate largely because we feel guilty about eating it. We feel under pressure to eat chocolate with restraint, if at all.

This may sound far-fetched. But consider these statistics cited by Rosen about people's attitudes to chocolate.

Over half of US citizens surveyed considered a diet with a portion of chocolate pudding every day was less healthy than the same with vanilla pudding. A quarter of US college women said that fat was one of the first three words they think about when they think of chocolate. One in five women in Philadelphia said they are embarrassed to buy chocolate in a shop.

This perception of chocolate is summed up by Rosen as being "both yummy and bad". When taken to excess, it would be hard to argue with this assessment.

Having sorted chocolate, the next task is to unravel the compelling attraction of guilt.

later, rerate the craving. Unsurprisingly, when there was nothing in the box, people found that their cravings were undiminished 90 minutes after opening the box. Equally unsurprisingly, if there was a chocolate bar in the box, the cravings disappeared.

The most striking results emerged when the testers were given capsules that contained cocoa powder, which gave them all the chemicals normally found in chocolate but none of the taste. This did not relieve their cravings at all.

There was another intriguing result when the testers were given a box containing white chocolate. Strictly speaking, white chocolate is not really "chocolate" because it contains none of the solids other than cocoa butter. It does not have the aroma or chemicals of chocolate, but, significantly, it

Minding Your Own Business

Shopping and cooking

Grania Langdon-Down looks at an enterprise that thrives in the heat of the kitchen



Customers can watch Anna Venturi teaching her classes through the huge window dividing the shop and the kitchen

Italia 90, the World Cup football finals of 1990, was memorable for one friend of mine as much for the opportunity to visit the renowned delicatessens of Bologna as for the match between England and Belgium. Spellbound by the display of foodstuffs, he almost missed the kick-off.

He was on a quest for quality ingredients, and in recent years, the number of people like him – those who appreciate the difference between the excellent and the ordinary – has grown.

For such people in the UK, however, there is less need to make the trek to Italy, home of the trendiest produce of the day. An increasing number of food stores is serving this market.

One outlet is Italian Secrets, an unusual combination of shop, cookery school and catering service – for weddings, parties, corporate events and so on – run by Anna Venturi in New Beaconsfield, Buckinghamshire.

Venturi might have varicose veins from all the standing and have put on several pounds from all the tasting, but she loves the work.

Alight with enthusiasm, she says: "I don't have any retail background and I don't have any cookery training, but I have created a business. I am very proud of it."

Venturi, 46, grew up in Milan in northern Italy, where she married and had two daughters, Letizia and Ilaria. Her marriage broke up when the girls were three and four. She went to work in advertising and public relations.

At a friend's party in 1987, while on a business trip to England, she met Bill Pearce, an American businessman working in London. Three years later, they married.

"Shortly afterwards, Bill lost his job and we moved to Devon for a year while he worked in Torquay. I was so desperate to meet people and do something that I started teaching cookery to my neighbours and went on local radio to talk about food."

In 1991, the couple bought a cottage in Buckinghamshire, and Venturi sold advertising for a publisher, travelling extensively abroad. She left the job at the end of 1992, after daughter Ilaria had an accident, falling off her bicycle and losing a kidney.

By March 1993, with Ilaria on the mend, Venturi put a small advert in a local magazine offering cooking classes in her kitchen and selling Italian products from her garage. One of her first students was Trish Conway, a former teacher, who now runs the shop and takes bookings for the cookery classes.

As her ideas grew, Venturi drew up a business plan. By May 1995, she had signed the lease on a former travel agency in a small parade of shops in New Beaconsfield.

Using her marketing skills, Venturi persuaded Italian cabinet maker Arc Linea to fit her kitchen with pale wood and glass cabinets at a cost price of \$3,000 rather than the \$25,000 market value of the fixtures and fittings, and German manufacturer Neff

to supply \$7,000 worth of appliances for free in return for showing off their products in her working kitchen.

The final bill for everything from the structural work to buying a licence to sell wine, paying the legal fees and buying the doormats came to \$27,000. Venturi says: "It was mad spending so much but I am very snobby. I want the best. I put in some savings and the money I had made from my cookery classes."

Venturi, who is a sole trader, borrowed \$7,000 from the local branch of Lloyds bank to ensure she had enough cash flow but was able to pay it back a few months after Italian Secrets

opened in September 1995.

"I didn't like paying interest and now I don't have any debts, which is how I like it. I don't pay myself anything yet – my staff get more than I do. But I have business reserves of \$24,000, which I keep in a high interest account."

Things got off to a slow start. Some days, Venturi would serve only three customers in her shop all day. Overheads mounted. But, deploying her experience in public relations, Venturi was soon attracting interest from magazines and, in turn, from their readers.

Today, customers can watch meals being prepared by an ani-

ated Venturi, with her short, steel-grey hair and expressive hands, teaching her classes through the huge window dividing the shop and the kitchen.

When she and Pearce, 59, drew up the business plan, the cookery school was meant to be the heart of the business – but the catering side actually brought in the most profit as the margins were very good.

"The difficulty with the cookery school is that there is only me teaching – people want my accent," says Venturi, who learnt English as a teenager during a year studying in a Cambridge language school.

Turnover during the first trading year from September 1995 to

August 1996 was \$76,000. However, the business made a small loss of \$1,600 because of start-up expenses. Turnover for 1996-97 increased to \$124,000, with a net profit of \$12,000. Venturi says profit was matched in the first five months of this trading year.

The main overheads are wages of about \$2,000 a month for Venturi's three permanent employees and the temporary staff who help at big events, and rent and rates of \$1,300 a month.

Keeping the shop and kitchen stocked with the best products ties up about \$12,000 in capital. Venturi's best friend in Milan acts as her buyer and co-ordinates about five shipments a year to keep her stocked with sauces, herbs, spices, oils, sweets, biscuits and much more. She also has three UK-based suppliers who deliver fresh pasta, ham and cheese and wine weekly.

Venturi says: "I have 11 or 12 suppliers around Italy. It is quite a headache as they don't respect delivery times, they forget to put in invoices, some things come without labels. But their products are outstanding."

She faces tough competition from the supermarkets. "Italian food has just gone boom. The only way I can survive is by providing a very individual service. I have to keep my prices high and if people complain, they can go to the supermarket. What they are paying for in my shop is the quality."

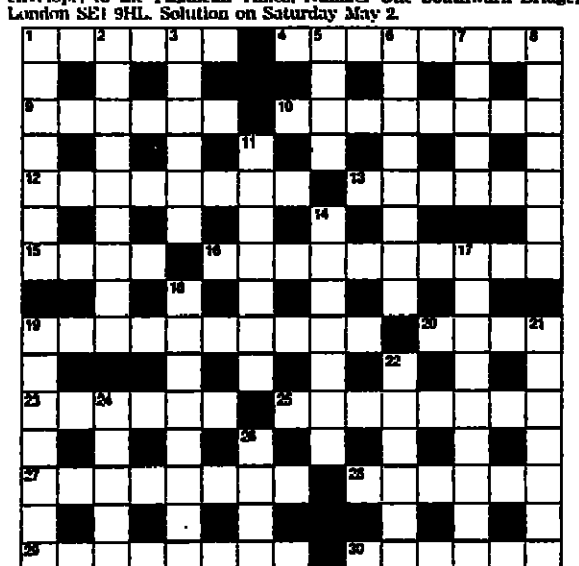
Venturi is talking to a publisher about writing a cookery book and would love to be a television chef. "I want to be able to earn money without being on my feet all the time," she says.

Italian Secrets, 13 The Broadway, Penn Road, Beaconsfield, Bucks; tel: 01494-676136; fax: 01494-714599.

CROSSWORD

No. 9,659 Set by CINEPHILE

The price of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ebru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions. Solutions by Wednesday April 23, marked Crossword 9,659 on the envelope. To the Financial Times, Number One Southwark Bridge, London SE1 1UL. Solution on Saturday May 2.



Name: _____ Address: _____

WINNERS 9,649: R.M. Laidman, Fulwood, Lancs; S. Turley, Beaconsfield, Bucks; J.M. Warner, Capel, Surrey.

Crossword sponsored by **Abels International Moving Services** **Crane's** SINCE 1870

BRIDGE

CHESS

- ACROSS**
- Tranquil – can't quite see when (6)
 - Wagons on small house panelling (8)
 - In Hanoi dealers have not a clue (2,4)
 - Watchman told to go home on the train (5)
 - Vegetable, insect, and possibly fish to a Scot (3)
 - Composer finds transport on island (6)
 - See 25
 - 7, 24, 23 "NB right" law, owing to gin fancy, possibly, of Murphy (2,3,2,2,2,4)
 - Stop men doing the washing up? (10)
 - 5 Say how old people are – and what are their means? (8)
 - See 16
 - 2, 15 Curiously, eyed dog dreams to avoid economic law (3,5,2,2,4)
 - For visitors' use: note, a sphere has length (4,4)
 - Painter's face spoke (6)
 - ... minus 11 (6)
 - It's mean to make your head hurt (8)
- DOWN**
- Container of grains, aggressive or defensive (7)
 - See 25
 - As a working hypothesis, it isn't you or I that hold the gold (5)
 - See 20
 - Nearly leave a message outside (3,5)
 - See 16
 - Effective information (7)
 - Fish cake (from Yorkshire castle) – with something like cheese? (7)
 - It isn't true it's born of necessity (9)
 - Military training – a little will make a hole (5,3)
 - In a head wind, less speed will get less (7)
 - Princes for author? (7)
 - Monkey business has an effect (8)
 - See 16
 - It isn't true a foreigner's doctored (1,2)

Solution 9,659

ACROSS
1. TRANQUIL
2. WAGON
3. HANOI
4. WATCHMAN
5. VEGETABLE
6. COMPOSER
7. 7, 24, 23
8. STOP
9. SAY
10. WASHING
11. 2, 15
12. EYED
13. SPHERE
14. PAINTER
15. MINUS
16. HEAD

DOWN
1. CONTAINER
2. 25
3. HYPOTHESIS
4. 20
5. MESSAGE
6. 16
7. INFORMATION
8. FISH
9. NECESSITY
10. TRAINING
11. HEADWIND
12. PRINCE
13. MONKEY
14. 16
15. FOREIGNER

To describe one's hand openly to inform a partner, or to veil its contents from your opponents? Which will be right, and when? Sometimes, my head tells me the former; my heart the latter. On this hand, from the final of the Devonshire Cup, my heart won, my head ached.

N
♠ 8
♥ 10 9 6
♦ A K Q 4 3
♣ J 10 5 3

W
♠ J 7 6 3
♥ A K Q 8 7 5 3
♦ 7
♣ Q

E
♠ 10 9 2
♥ J 4 2
♦ 8 2
♣ A K 7 6 2

S
♠ A K Q 5 4
♥ 10 9 8 6 5
♦ 9 6 4

North East South West
2D 2H 5D 5H
NB NB 5S DBI
NB NB 6D NB

At Love All, playing teams with rubber bridge scoring, the core of this problem is what South should bid at his first turn. I reasoned that 5D was probably the right spot and that, if I bid it immediately, the opponents were unlikely to bid 5H and would

face a blind lead against our contract. If they led the obvious heart, 11 tricks, or more, would be forthcoming.

When West bid 5H and North passed, it felt right to continue and we alighted in 6D doubled. If East had been dealt a tenace in clubs and had led a heart instead, the slam would have made, but East cashed 4AK and gave the ruff to collect a 300 penalty for his side.

In our system, I could, and should, have bid 3S at my first turn – a so-called "fit-jump" showing support for partner and a decent quality suit of my own. Doubtless, West would try 4H, and I could bid 5D. Now, if West ventures to the five level, North will be ready to double, knowing that we have a misfit in spades. 5H falls by two tricks, and we get the 300 rather than East-West.

The conclusion, for a game that is all about distribution and fit, is predictable. Full disclosure of your hand allows the partnership to make decisions, giving you twice the chance of making the right ones. Accurate hand description is generally more important to your partner in the auction than to your opponents in defence.

Paul Mendelson

Surrey's Easter congress at Sutton Library is the UK's fourth largest, with more than 400 players. Mark Hebden, Britain's leading weekend player, won all seven games in this year's Open.

I don't usually feel guilty about publishing a player's loss, but the memory lingers of the final round of the 1956 British. Hugh Alexander, my predecessor as FT chess writer, had 8½/10, level with Frank Parr, the Stock Exchange top board. After 15 moves, I was struggling against Parr, but then Alexander offered Michael Franklin a draw, a bizarre decision in view of the scores.

Franklin, who enjoyed his chess, and still does, declined. Parr went two pawns up, Alexander developed a winning attack; but Parr, who had overheard the draw offer, then began to play nervously and I scraped an undeserved draw.

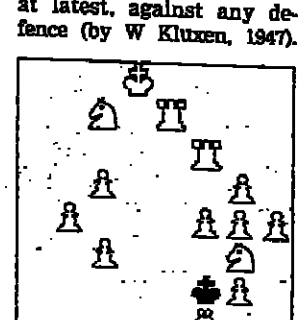
So I greeted Parr at Sutton this week with "Sorry about 1956, Frank". At 79, he has hardly a grey hair and is still a strong player, despite this defeat against one of our best juniors (R Bates v F Parr).

1 d4 g5 2 c4 Bc7 3 e4 d6 4 Nc3 Nd7 5 Nf3 e5 6 Be2 Ne7 7 0-0 0-0 8 Re1 Ne6 9 d5 Ne7 10 b4 75? Black's knights

have lost time and this lets in a white N at e6, so better h6.

8 Ng5 Nf6 9 Bf3 f4 10 a4 h6 11 Nc6 Bxe6 12 dxe6 g5 13 Bax Qe8 14 Re1 White plans to break into Black's Q-side by Nb5 or c3. h5 15 Be2 g4 16 f3 Ng6 g5 17 h3 avoids material loss, but then Black has no attack. 17 Nd5 Re8 18 f4g4 Nd4 19 f7 Rf7 20 g4h5 Nxe2-21 Qe2 Nxd5 22 cxd5 Bh6 23 Qg4+ Khs 24 Qe6 Rh7 Apparently Black can fight on in the endgame, but... 25 Rxc7! Resigns.

No 1227 White mates in five moves at latest, against any defence (by W Kluxen, 1947).



After White's first move there are only two lines of play.

Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Time for a new David to tackle Goliath

Now the trade unions have shot their bolt, workers must look to other champions

W e hirelings are on our own. In the old days, many employees could look to a union for help. Only an eighth of the world's workers are organised now. The fraction has fallen since the collapse of communism. It is still headed downwards in most countries.

In one way this is a pity. The first rule of labour is: "You can't trust the bosses." Absolutely right. I would put it another way. You can rely on management to be beastly to employees, customers, officials and everyone else whenever circumstances so dictate. That is a fundamental proposition, whose truthfulness cannot be denied.

So why, you may ask, are trade unions fading away, receding into the mists of 20th century history, destined to be forgotten before long? If we were writing doctoral theses we would respond with a list of headings - the decline in public-sector and blue-collar employment, the development by companies of "human resources management" strategies, the ability of planet-wide enterprises to move to the countries with the most flexible labour markets, and so forth.

These are all part of what would be a long answer to the above question. In Britain, we have a short additional reply. Unions have nothing to look forward to because when they were in a commanding position they blew it. They abused their power, thought they owned the company, deflated themselves that they could strut about as if they were running the country. They had to be cut down.

We saw relics of past vaingloriousness this week, when a minority of delegates at a conference of Britain's National Union of Teachers behaved as badly as NUT radicals always do. Their chants were but squeaks compared to the roars that made us tremble when the most important actors in the British polity were the leaders of the miners, the rail unions, the steelmen, dockers.

In the late 1960s, I sat opposite two of these behemoths in a train. They were discussing and annotating cabinet papers sent to them by the then Labour government for approval. They ticked this, crossed that, noted the other. It could not last. What Tony Blair would doubtless call the hand of history has struck.

The prime minister barely disguises his lack of fear of their successors. Sometimes, I wonder whether he would bother to cross the road to have a cup of tea with them.

You could say that fate has overreacted. New Labour is even-handed as between management and workers. On the one hand, it strives to meet the wishes of business; on the other hand, it is business whose wishes it strives to meet. This is not difficult to explain. The struggle between capital and labour has ended. Capital won.

The response of Britain's modern moderate unions is piquant. Their aim is to win public sympathy, so they smile and talk earnestly about fairness. That was not the strategy when their predecessors were on top of the world. They preened then.

The public turns out to be uninterested in the new image presented by leaders whose names most citizens would be hard-pressed to recall. Clutching at straws, the new-model unions seek the protection of the law, an instrument their picketing, street-fighting ancestors disdained.

The Trades Union Congress may soon be in dispute with Mr Blair's government over a law obliging employers to recognise its member organisations. The latter want recognition to follow simple majorities recorded in workplace ballots. Business, and therefore the government, seems set on diluting the process with a prescription of what constitutes a deciding majority. The irony of it is delicious.

The TUC could have had a recognition procedure in place and enhanced by case law if it had accepted the Conservatives' Industrial Relations Act of 1971.

But the doctrine at that time was that the law had no part to play in industrial relations.

Organised labour could see to its own interests, which meant it wanted no constraints. Today it longs for the embrace of the European Union's labour-friendly regulatory regime, looks forward to the minimum wage.

Enough, you might say. The lions have had their teeth drawn. Leave them be. Fine. We are left alone with our new masters, the large corporations, the ones which will always do you down if they can get away with it.

If organised labour no longer exercises countervailing power, who will pull back the ambitions of these Goliaths? They are not yet as free to do as they please as were the British unions at their peak. Regulation and company law do exist. But companies know how to work around these. They hire lobbyists, influence opinion, award contracts to assessors of political risk.

If they are too successful, they will trip themselves up. The great lesson of the rise and fall of trade unions is that in plural societies no one institution can remain dominant for long. If any business, exultant in its current ascendancy, overreaches itself nemesis will follow. I do not mean that we will flock back into unions. Expect no resurgence there.

But non-governmental organisations, consumer groups, competitors, even political parties are all potential reiners-in of rampant businesses. We may no longer combine as wage-slaves, but we are not absolutely alone after all, not yet.

Joe Rogaly is a freelance writer.

Being out of politics has not tempered Paul Keating's pungent view of the world or curbed his taste for straight talking, writes Gwen Robinson

W hat the world recalls most vividly about Paul Keating is the inventive invective. Foes of the former Australian prime minister were everything from a "bloated toad" to a "feral abacus". The strategy for toppling his predecessor as prime minister was "to knock him senseless without leaving any bruises".

But to central bankers and international leaders, Keating was the genius finance minister, a political pioneer who hitched a left-wing party to economic rationalism and took the middle ground from a centre-right party that had been the natural party of government. The British Labour renaissance owes much to the experimentation of Keating and Australian Labor in the 1980s.

So where do old leaders go? "You're on the stage or off it... when you go, nobody has any grip on you, there's no legitimate public interest in your life," he says. He has shunned interviews with the Australian media in the two years since losing an election, and has quietly built a consultancy, trading on his connections and wit. He was never going to be a corporate or political supplicant: "Look, having run this crowd for one-and-a-half decades, I don't relish the prospect of being in some subordinate position at some board meeting, and I'm not about lowering the flag to anyone."

Paul Keating is sitting, shoes off, at a low table on the tatami of one of Sydney's best Japanese restaurants, Unkal, or "Sea of Clouds". The man once supposed to have described Asia as "a place you fly over on your way to Europe" is reaching with chopsticks for a neat row of sushi. He orders tempura to follow and prefers cold sake to wine.

When you're no longer prime minister, he says, there is less distinction between working and non-working life. The thought of writing his memoirs, "going over old ground", seems to horrify him: "It's only here, or in the future, that's all I've ever focused on... some ex-gladiators, they're living in the past."

One measure of a life is to be able to create. I've always believed one needs an inner life to be able to create anything, and, well, there's a label on some English mineral water - only the Poms could write this sort of bullshit - that said... 'gently carbonated'. Well, one thing I hope I am never is 'gently carbonated'.

"And that is to say, if you don't feed your inner life, you can never really be effervescent, you can't be creative. Your imagination gets limited, you have to feed the inner existence, the inner life, so I try to do that. Not as an objective, but just simply as something you need to do. And I think that's what gives you some of the zest, and ability to keep looking forward."

Of all the disparaging labels hurled back at Keating, false modesty was not one. When he first paddled into the tatami room, he went to the window and swept his arm across the dramatic view of the Sydney Opera House and the harbour stretching into the distance.

"Look at all that, just look... we started all that," he says, gesturing towards the renovated foreshore below. "When we came to power, this was just an old



Paul Keating: 'There's a label on some English mineral water - only the Poms could write this sort of bullshit - that said... 'gently carbonated'. 'Gently carbonated'. Well, one thing I hope I am never is 'gently carbonated'.

Lunch with the FT

Off the heat, but still on the boil

industrial museum about to explode."

And then came Keating and Labor. "The whole thing, the reorientation of the whole place, the whole reconstruction, the social and economic reorientation of the country - that's it, not any one thing, just the whole shift, the whole tectonic shift... you know, the reorientation towards Asia, enhanced sense of nationalism, the republic, sense of ourselves... I mean all of that, the whole shooting match, you know what I mean."

He's not expecting a knight-hood for services rendered. "Let me tell you this, the only reward of public life is the achievement, that's the only reward, and certainly for me it was the reward - not to become something in the House of Lords, sitting next to some old septuagenarian, dribble down the side of his mouth."

He is, at least, putting his consultancy, Keating Associates, where his mouth is - Asia. In China, he is pursuing a licence for an Australian insurer, and is an admirer and friend of Zhu Rongji, the new premier ("He's sure-footed, not puffed up with his own importance"). He is also his own importance. He is also a visiting professor of public policy at the University of New South Wales (favourite theme, Asia) and an adviser to Deutsche Bank.

With the sense of ownership that goes to a man who spotted Asia early, he laments the "absence of western leadership" in coping with the Asian economic crisis. "We, the western

world, just don't have right methods. Our institutions are not up to it: the UN [United Nations] is not up to it, the IMF [International Monetary Fund] is not up to it, the World Bank's not up to it, and US policy's not up to it. So we're rattling around. Are you following the thread of this?"

You quickly realise that Keating's stream-of-consciousness repetition and the low, slightly urgent tone of his speech stem from an innate belief that his listeners are not fully understanding what he is trying to tell them. He can be the most avid of listeners if you are telling him something he doesn't know. But, more often, he comes across as a frustrated instructor trying to enlighten inattentive, less intelligent charges.

At home, many of his cherished policies are back in play. Native land rights, advanced by his government, are again at the centre of a bitter national debate. Labour reforms, which resulted in unprecedented co-operation between the government and a rowdy union movement, have turned back into the industrial equivalent of a bar-room brawl. Even the Australian Republic, set for the turn of the millennium, is opposed by the present prime minister, John Howard.

Does Keating care? "Among all these things that have truths in them, they all get worked out in the end. The coalition [government] can trick around with these things until the trickery runs out; there's no political mileage in trickery."

"It's like the republic issue. The truth of it is that the aspirations of Australians and all we've created here can't be replaced by the English monarch, and that's the truth." He bangs the table.

"And that truth is dragging Johnny Howard to the republic. The key thing is, the central proposition is, irresistible. There's only one question he has to ask himself: does he believe that any one of us, 18m Australians, is good enough to be head of state as the rest of us?"

'If you don't feed your inner life, you can never really be effervescent, you can't be creative'

"At the moment he's saying No. Well, how can he keep that going? So don't worry, it's going to happen. He's going to get dragged to it, screaming and kicking, but he's getting dragged, closer and closer."

Keating likes the image. He laughs into his sake and orders some Japanese tea. His somewhat paternalistic self-righteousness is tinged with the sting of rejection, and a streak of patriotic idealism. On reflection, he

says: "The era's over, only in the sense the real policy - the sense of imagination, it all had - is gone. There's no fantasy left... the place deserved better than a dull government."

But don't people in a democratic system get the government they deserve? "Well, they've got the dullness now, and a lot of them think, 'Oh well, we're dull and that's what we deserve'. But others are saying, 'Christ, how the hell did this happen?'"

The two qualities a political leader most needs, according to Keating, are imagination and courage. "They're the two: you have some with one and not the other - and the promise of nothing. But you've got to have the two together... and it's a pity to get one of those jobs and not want to do things."

The quieter life of consultancy appears to make the memories of skirmishes and bruises and insults all the more compelling. There is relish in his recalling the scraps with the British media. The tabloids once mocked him for "fondling" the Queen like a "sheila in a sheep pen", and he has not forgotten the headline "Lizard of Oz".

"I had a BBC journalist come to interview me one day... and they had a section [video footage] of me during Question Time. I wasn't made aware of that until during the interview, when they asked: 'Do you think this sort of aggressive performance is the sort of thing schoolchildren should see on TV at night?'"

"Well look," I said, "I know we

have a lot to learn from the English political system," I said. "You know, I don't think one of my cabinet ministers knows how to pull a stocking over his head. I don't think there are any members of my party out there cross-dressing." Of course, they ran none of the interview."

His love of the Australian media is no greater. "These are fourth-rate minds writing for third-rate newspapers... the same people after 35 years still spewing bile. I mean, what are we doing?"

He does not allow himself regrets - "this is not about being in the regrets business" - but he has been disappointed by the missed political opportunities of the 1990s. "The US quite literally won the cold war, declared victory, then walked off the field. After 1945, it was the only dog on the street, and in many respects, it remains the most dominant military power, more dominant in a military sense than ever."

"But the world we're dealing with is now more complex and we're not politically, economically and strategically re-weighted the world in any way since '45. Germany is not on the UN Security Council, Japan is not on the Security Council; the largest rising power, China, is, in the eyes of many Americans, the coming rogue state... there's no perception about the importance of India in terms of its place in the international scheme of things, and the G7 [Group of Seven] is the same motley bunch

we've always had. Motley discussion, motley solutions."

"I mean, Gorbachev made this fantastic offer to Reagan at Reykjavik, to remove nuclear weapons, and Reagan passed the opportunity up. He had some influence at the time, but had [Margaret] Thatcher ringing and saying, 'Don't let him trick you. Ronny, don't let him trick you.' [He mimics in a falsetto voice.]

"He only wanted to remove nuclear weapons from the face of the earth, some trick. So the cold war has finished, but the nuclear system is still on full alert: US cities are still targeted and Russian cities are still targeted. That is a big indictment of policymakers."

By Keating's reckoning, the modern leaders who have made the biggest impression include Chancellor Helmut Kohl, Indonesia's President Suharto and Do Muoi of Vietnam. As for Bill Clinton and the scandalous engulfing the White House: "All I can say is that the Democratic party should engage the Harry Truman doctrine of massive retaliation against any Republican who has had his zipper undone - and there's many of them... It's really just something I couldn't care less about."

Clinton, he says, has injected vigour into US society. "But the international landscape is much unchanged... he wants to leave all the customers satisfied; you can't satisfy them all. I realised that early on. Satisfying the customer was not one of my priorities, but doing the job well was."

PERSPECTIVES



Moth-eaten yeti beats retreat

Mythical beasts are far less sinister than biotechnology, writes Michael Thompson-Noel

Things are speeding up. The amount of scientific knowledge unearthed in the past decade outstrips that discovered in all previous human history. Every 18 months, computer power doubles. Every 12 months, the size and scope of the internet doubles. The number of DNA sequences being analysed doubles every two years.

Almost daily, says US theoretical physicist and science commentator Michio Kaku, the headlines herald advances in computers, telecommunications, biotechnology, space exploration and other fields.

"In the wake of this upheaval," says Professor Kaku, "entire industries and lifestyles are being overturned, only to give rise to entirely new ones. But these rapid, bewildering changes are not just quantitative. They mark the birth pangs of a new era."

For most of human history, he says, we could only watch, like bystanders, the beautiful dance of Nature. Today, in contrast, we are on the cusp of an epoch-making transition from passive observers of Nature to active choreographers of it.

The notion that humanity is in a "cusp" phase - at a momentous crossroads - is common among scientists in all disciplines, and stems, says Kaku, from the belief that an epic scientific phase is drawing to a close. In the era now ending, science unlocked the secrets of the atom, unravelled the molecule of life and created the electronic computer. Now, we are poised at the start of a new scientific era that promises to be vastly more penetrating than its predecessor.

Even a scientific backwater such as natural history appears to be in a cusp phase, to judge from an exhibition called *Myths*

and Monsters at London's Natural History Museum, which runs until September 13.

The exhibition is primarily for children. The day I went there, it was overrun by small primates, relishing the school holiday and jabbering excitedly as they rushed between the startlingly good animatronic exhibits.

But adults who attend will notice evidence for the belief that natural history, too, is traversing a cusp phase, for they are unlikely to miss the fact that modern-day monsters of the human imagination, such as the Himalayan yeti (abominable snowman) and Nessie, the plesiosaur-type creature that was thought to inhabit Scotland's Loch Ness, have been reduced virtually to a par with truly mythical creatures such as dragons, unicorns, Cyclopes, mermaids and chimeras.

Why should the yeti and Loch Ness monster, which until recently generated their fair share of (reasonably non-scornful) headlines, suddenly be kicked into the bargain basement of human mythology, alongside the fire-breathing chimera (lion's head, goat's body, serpent's tail), or the roc, claimed to have been a monstrous bird resembling an eagle or albatross that was so big it fed its young on elephants?

The answer, almost certainly, is that the human brain has lost patience with the yeti and Loch Ness monster. When it is being confronted by so many genuine scientific discoveries and developments, and when it is furiously formulating the dim outlines of new monsters with which to alarm itself, it has no more time for them. These new monsters are the ones striding towards us from the future: the monsters of biotechnology and of genetic manipulation.

The most popular explanation for the Loch Ness monster, says the Natural History Museum, involves the survival of a plesiosaur: a huge, long-necked, air-breathing marine reptile that lived 180m years ago and became extinct 65m years ago.

Yet plesiosaurs did not live in freshwater lakes such as Loch Ness, which has only existed since the last ice age. "Even modern sonar equipment, high-profile expeditions and the latest underwater technology have failed to [locate] Nessie," says the

Mortals are assuming the powers of ancient gods and starting to breathe life into new lifeforms

museum, adding, however, that "scientists continue to be challenged by unexplained accounts of this elusive and popular monster".

Similarly, stories of giant, hairy, bipedal, human-like creatures such as the yeti, living in remote mountain ranges and forests, have persisted throughout history. Modern-day reports range from stories of *yeren* in China and *ngay rung* in Vietnam to the Himalayan yeti and North America's Bigfoot.

The *orang-pendek*, a bipedal, human-like ape, said to live in the forests of Sumatra, is rumoured to be the closest to discovery," says the museum. Yet the evidence for these elusive

creatures still consists mainly of unreliable eye-witness accounts.

It occurred to me while wandering round the *Myths and Monsters* exhibition that, instead of Nessie and the *orang-pendek*, the human brain is now wrestling, instead, with contemplation of the likely offspring of the biotechnology revolution, given that mortals are assuming the powers of ancient gods and starting to breathe life into lifeforms they have created, or will create.

"Within a matter of minutes," writes Prof Kaku in his latest book, *Visions*, which explains the likely course of scientific developments during the 21st century and beyond, "it is now possible to short-circuit hundreds of millions of years of evolution and create entirely new species of 'transgenic' animals which have never before walked the surface of the earth."

The DNA revolution, he says, has given us at least two startlingly divergent visions of the future. "One vision, promoted by the biotech industry, is that of health and prosperity: gene therapy will eliminate hereditary diseases and possibly cure cancer, bio-engineering will create new drugs to vanquish infectious diseases, and gene splicing will create new animals and plants which will feed the world's exploding population."

However, says Kaku, a far darker vision of the future is akin to that created by Aldous Huxley in *Brave New World*: a version of Utopia in which babies are mass-produced in embryo factories and cloned to produce a caste system of alpha, beta, gamma, delta and epsilon humans. At the bottom is a cloned army of morose, sub-human who happily carry out all society's menial labour. At the top: a carefully groomed

and educated alpha elite.

Events, says Prof Kaku, have outstripped even Huxley's fertile imagination. Many biologists believe that only technical and legal barriers are preventing the cloning of humans. Quite soon, possibly, prominent athletes from past decades will be cloned by sportsmanufacturers or others keen to resurrect them: ageing, childless monarchs will bequeath their thrones to clones; graves of famous people will be raided to obtain DNA samples; dictators will create armies of cloned soldiers and slaves.

Barring some unforeseen technical problem, says Kaku, it is likely that human cloning will soon become a fact of life. Yet, for all the controversy likely to be generated initially, the ultimate social impact of cloning may be negligible.

While cloning raises thorny ethical issues, says Kaku, the moral dilemma it poses pales in comparison with those raised by all-out genetic engineering of humans. Cloning will only produce carbon copies of individuals; genetic engineering promises the ability to change the human genome, and thus the human race, for better or worse.

Apart from our own biotechnological future, there is another group of creatures increasingly at home in the forefront of our imaginations: aliens. Indeed, the last exhibit in *Myths and Monsters* depicts a (curiously human-looking) extra-terrestrial, even though the organisers caution that it is probable that, if such beings exist, they are likely to be utterly different to anything known on earth.

With all this stuff going on, is it any wonder that poor old Nessie and the moth-eaten yeti are beating an extremely hasty retreat?

Dreams of the website wannabes

Nicholas Denton joins the internet venture hopefuls of Silicon Valley

Ali Partovi is a walking advertisement for Silicon Valley. At 25, he has wealth, fame - at least in the clubby world of internet professionals - and a dream to change the world. It looks effortless.

If only it were that simple. He is already a millionaire, though, in terms of the funny money of Silicon Valley, the shares and stock options that are the currency of the young internet companies with no revenues which spring up in the technology seedbed stretching south from San Francisco.

LinkExchange, the two-year-old venture he runs in the city with a couple of college acquaintances, arranges the barter of advertising space between web publishers. With 250,000 sites participating in the exchange, the company reaches more web viewers than all but a handful of top media companies.

It is a Silicon Valley take on the American dream. Ali, and his colleagues Tony Hsieh and Sanjay Madan - the one sociable and the other two shy, even a little nerdy, all highly intelligent - are the offspring of immigrants from Iran, China and India respectively. They are less than two years out of university.

And their venture, LinkExchange, is growing so rapidly it makes Yahoo! - a four-year-old internet navigation service now worth more than \$40n - look like a stodgy member of the establishment. "Their success certainly seems to reaffirm the notion that anyone with talent, determination and a good idea whatever their background, can make it in the US - especially in Silicon Valley, the last, best hope of the American dream, according to some immigrants."

"I don't think it matters here where you come from, which university you went to or your country of origin," says Mike Moritz of Sequoia Capital, the venture capital firm backing LinkExchange, himself born in Wales. "It is the caricature of the American dream, the home of the overnight success story."

Ali and his friends are having fun, which is the pinnacle of achievement in Silicon Valley, a community that sets little public store by conspicuous consumption, although it has certainly produced wealth. It gave birth to companies such as Intel, Oracle and Sun Microsystems, as well as a new breed of internet ventures.

Many of LinkExchange's 53 employees are college or school friends, many of whom also share apartments, who behave as if work was just an extension of a student party. "There are six or seven people from our office that we gradually recruited to join LinkExchange," says Tony.

"One friend, he got off the bus, slept on the floor, and never went back." Take one Friday night in a little-used theatre in the shadow of the freeway that leads out of San Francisco towards the strip of high-technology firms to the south. Ali and his buddies are throwing a party, a regular monthly social gathering called DrinkExchange, an important event for wuppies, or web yuppies.

The space, cavernous though it is, teems with web designers, wannabe internet tycoons, and even a few talent-spotting venture capitalists. DrinkExchange began a year ago, when Ali sent out electronic mail invitations to a few friends, who forwarded them to theirs. Now some 500 people mill around, buying drinks for each other, as the event's rules command, flirt, or swap tips about the latest, hottest internet

start-ups. Ali knows many guests by their e-mail addresses rather than by sight, which can be a little awkward.

Silicon Valley has long been inspired by tales of restless young men (yes, mainly men) who dreamed, did something new and, almost incidentally, made fortunes.

Already part of the canon is the story of Jerry Yang and David Filo, two Stanford University students who in 1994 started compiling a list of favourite internet sites in a trailer on campus and woke up one day to find they had created, in Yahoo!, the most valuable internet media company around. And for every Yahoo!, there are a dozen myths in the making.

The wealth can be notional. Sequoia Capital, one of the valley's leading venture capital firms, invested \$3m for a minority stake in LinkExchange, and the venture would almost certainly command more than \$20m if put up for sale. But earnings are another matter.

Internet advertising revenues have generally been disappointing. Consumer goods companies, in particular, remain to be convinced that banner advertisements across the top of web pages are a good way to build their brands. LinkExchange does not disclose

It is a community that sets little store by conspicuous consumption

financial results, but it is a safe bet the revenues fall far short of costs.

For the moment, Ali, Sanjay and Tony, the three main shareholders, live in shared apartments, like most other recent graduates in high-rent San Francisco. They will likely only realise their windfall if the company succeeds in going public or is acquired.

And there is no guarantee of that. Mike Moritz, while confident of LinkExchange's success, warns: "The challenges of starting a small company are so intense that anyone can make it in America. All three of the LinkExchange management team, and many of its employees, went to Harvard University. All's DrinkExchange events are noticeably short of blacks and Latinos."

Even the DrinkExchange parties, and the office foolery are just the flipside of a life consumed by work. "We had just come out of this tunnel of work, a good three months when no one went out, they just worked day and night. I was sitting with a friend on a Friday night, and didn't know what to do. There were so many people I hadn't seen in months, so I sent an e-mail out to 20 people and got about 60 responses back. People had been working so hard that they didn't have a social life. You could paint a pretty depressing picture."

But no one dwells on that. At a DrinkExchange party, all anyone sees is someone, obscenely young, having fun, making it, someone they want to be, someone they can be, damn it. Including me: I am leaving the Financial Times after eight years as a journalist to join a small internet venture with big ambitions. The Silicon Valley stories may be alibi. But, like so many others, I want to believe them.

vegetable market. Hell took Christ in, because it was fooled into thinking he was an ordinary mortal man. But little did Hell and its master realise that Christ would break the bonds of death, and rescue the other mortals in its grip.

"I cannot hold on to him, and with him I will lose all the others whom I had in my power," cries an infuriated prince of darkness, in one of the Easter Saturday hymns. "The crucified one has emptied my tomb."

A favourite theme in early Russian iconography is known interchangeably as the Entry into Hell and the Resurrection. With great gentleness, Christ takes Adam, the forerunner of undeemed man, by the hand and leads him away from the place of darkness and self-isolation, and towards the kingdom of God which is man's proper dwelling-place.

Christ does not come to Hell to punish or be punished.

Truth of the Matter / Bruce Clark

Last steps in the Lenten journey

At midnight tonight, a great explosion of noise will be heard and repeated, over and over again, by millions of eastern Christians in the quietest and busiest corners of the earth. In monasteries tucked away in the forests of Romania, the Russian Arctic, or the red rocks of Mount Sinai, and in Greek-American parishes that mimic Byzantium in well-trimmed US suburbs, the drama of the Orthodox Easter service will unfold.

While western Christians remembered Christ's Resurrection last Sunday, the ceremonies of the eastern Church are only this weekend coming to their climax. Like western Christendom, Orthodox celebrates Easter on a different Sunday each year - but it uses an older, lunar system to make the calculation. This means that sometimes the two Easter celebrations coincide, sometimes they are separated by many weeks.

This year, the east was observing Palm Sunday - Christ's entry into Jerusalem on a donkey - as westerners munched their chocolate eggs.

As midnight approaches, the Orthodox clergy, who will have exchanged their black vestments for the white robes of Easter, will take the last steps in their Lenten journey by leading their flock out of darkened churches for a procession complete with icons, jewel-studded Bibles and billowing incense clouds.

And then, as priests and faithful troop back inside, the Resurrection flame is passed from one worshipper's candle to another until the whole building is awash with light. That is the moment

when the Easter hymn is sung for the first hundred or so times: "Christ is risen from the dead, trampling down death with death, and on those in their graves bestowing life."

The Easter hymn, in Old Slavonic or Greek or Romanian or in English with a Brooklyn twang, is so familiar to Orthodox Christians that it is probably the last thing they forget when their faith slackens. But it is only the conclusion of a Lenten liturgy that runs to hundreds of pages, and must surely rank among the most subtle religious languages ever penned.

These hymns use metaphor piled on metaphor to explore paradoxes which cannot be articu-

lated fully in the intellectual language of philosophers. There is an endless interweaving of images based on life and death, light and dark, suffering and joy - and above all, power and powerlessness, the twin qualities of the God-man who prevails over a murderous world by submitting meekly to its cruellest punishment and forgiving his tormentors.

While the art and liturgy of western Christianity lingers - sometimes ghoulishly - on the suffering and wounds of Christ, the Orthodox hymnographer rarely mentions the pain of God Friday without a counterbalancing image of triumph.

To the eastern mind, western

tradition places too much emphasis on the Crucifixion as a gory blood-sacrifice, designed to propitiate an angry Father, and too little on Christ's victory over man's ultimate enemy, death.

Even as Christ, the man, goes through pain and despair, he is still - in the eastern liturgy - an almighty God and Creator: "He who hung the earth upon the waters is hung upon the Cross."

There are, perhaps, some moments in the Orthodox Easter cycle when a single, almost undiluted emotion prevails. One, of course, is the Resurrection hymn itself. Another is the heart-rending lament of the Mother of God as she contemplates the death of her Son. Anybody who hears this

haunting song in, say, a village church in eastern Europe, and fails to weep with Mary, has not been listening.

The pain of Mary, and the human doubt and despair felt by Christ himself during his dying hours, prepare worshippers for one of the greatest paradoxes contained in the Resurrection story as told in the east: Christ's descent into Hell. This notion exists in the west, but modern Anglicans or Roman Catholics often gloss over it with embarrassment.

In Orthodox theology, this descent was God's ultimate act of ingenuity or "cunning": the same quality a Greek farmer would use to drive a hard bargain in the

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Angel Spivey considers accounts of the great statesman and his

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BOOKS

Managing to bring home the true Bacon

Nigel Spivey considers two contrasting accounts of the great rationalist, statesman and scientific pioneer

He was the founding father of the frozen chicken. On Easter Sunday of 1826, Francis Bacon died in Highgate, then a rural satellite of London. It had been snowing hard. On his journey to Highgate, a scientific notion had darted into Bacon's mind. Would snow - frozen nitre, as he perceived it - not preserve flesh as well as salt? He immediately alighted from his carriage and purchased a chicken from a peasant at the foot of Highgate Hill. He commanded the fowl to be gutted on the spot, then himself began eagerly plucking it with snow. We do not know how well the chicken kept; but from this

FRANCIS BACON
by Perez Zagorin
Princeton University Press £19.95, 280 pages

HOSTAGE TO FORTUNE
by Lisa Jardine and Alan Stewart
Gollancz £25, 637 pages

Gallileo and others echoed him: in Britain, Boyle and Newton were only two of the many "experimental" scientists who applied the Baconian system of first collecting all feasible data, then seeing what inferences might be drawn from it. It suited Bacon to exaggerate the superstitious side of ancient and medieval science. So it is disarming to find that exponents of Bacon assume that pre-Baconian thinking was indeed benighted. Disparaging medieval theories as "Aristotelian" serves a gross injustice upon Aristotle, who was a fanatical collector of primary data about the natural world (the sent cohorts of specimen-collectors with the globe-trotting armies of his former pupil Alexander the Great). Yet otherwise the commentary given on Bacon's philosophical and scientific importance by Perez Zagorin is a sensitive and sympathetic analysis.

"The monuments of wit and learning are more durable than the monuments of power," Zagorin takes as his cue Bacon's somewhat rueful but prophetic insight, and expounds the range of Bacon's intellectual endowment to posterity. Apart from his prototype for the frozen chicken, the particular scientific discoveries of Bacon do not amount to much. However, his anticipation of what science might effect - both the means of prolonging and saving human life, and the machinery to cause its rapid destruction - was precocious. As Zagorin argues, Bacon was also a great legal theorist, an influential philosopher of language, and a penetrating historian. There is always the suspicion, when one reads such a fine-lettered stylist as Bacon, that the prose is glittering with too many nice turns and rhetorical tricks. Zagorin's homage shows the substance to be reassuringly there behind it all.

Zagorin allows some biography to impinge - Bacon's half-valiant efforts to build himself monuments of power. But to impinge only. With Jardine and Stewart it is quite the other way round. You could complete their book - subtitled "The Troubled Life of Francis Bacon" - and never know that Bacon touched the course of Boyle's chemistry or Newtonian physics. Reducing his life to one of insatiable political ambition, they nevertheless pack over 600 pages. A recent account of the Renaissance by Lisa Jardine was entitled *Worldly Goods*: arguing, in effect, that Lorenzo de' Medici would have found very heaven in a modern shopping mall. Correspondingly, the accumulative "worldly"

life of Francis Bacon must sit foursquare and sturdy with the usual tome of a politician's memoirs today. Records exist for Bacon's expenditure as lord chancellor: like any crusading tabloid team, Jardine and Stewart pounce upon them for a story. Being an aesthete, and an incorrigibly duplicitous man, Bacon left a trail of extravagance sleazily-funded. To follow his life in this monotonous of insinuations, compromise, angling for emoluments, and lubricious cultivation of power is distasteful. I don't doubt the scholarship. But in the end one wears of the Jardine-Stewart focus upon the life



'Put Nature on the rack': portrait of Francis Bacon by Paul van Somer

of negotiation. If they thought to enliven it by adding pseudo-direct dialogues to their Tudor-Jacobean protagonists they were wrong. Complete, like a *Blackadder* script, with all the "methinks thou art a rascal" sort of thing, it jars as a major error of tone. To their credit, Jardine and Stewart do not breathe a whisper of the Bacon-wrote-Shakespeare folly: in his life as they present it, Bacon would scarcely have had time to compose a single sonnet. Still it is sheer relief to lay down this big book, and pick up the several-page entry on Francis Bacon in John Aubrey's *Brief Lives*. Aubrey does not gloss over Bacon's

slippery nature: by telling us he had the eye of a viper he says it all. But the aspects of best Bacon are what we seek. Planting tulips under his trees, and having his table daily strewn with fresh blooms and herbs. Drinking ale at night to quench his flickering imagination. Dressing his servant boys in boots of Spanish leather. Walking out into spring showers for the "benefit of irrigation". Bacon's crest was, punningly, a wiry boar. Under the hide, however, was a rare delicate soul. The world is full of thrusting boars. John Aubrey's biographical discretion in hymning the delicate soul remains exemplary.

Fiction/Richard Skinner

Exotic, lost world of tea and ritual

To westerners, the Japanese predilection for ritual can seem obsessive. The pleasures of, say, karaoke or sumo all depend on the deference to manners. During the 16th century, for example, officials laid down more than a hundred rules for the tea ceremony (*cha-no-yu*), specifying everything from the topics to be discussed to the thickness of the table lacquer.

Rather than occupy the mind, these rules were designed to free it, enabling tea-drinkers to achieve a Zen-like emptiness. In Arthur Golden's *Memoirs of a Geisha*, the young apprentice, Chiyo, is taught to treat every movement of the ceremony as "absolutely holy" and she describes the atmosphere of the *cha-no-yu* as "serene".

Golden's book begins when Chiyo is nine and her mother is gravely ill. Her father, a poor exhausted fisherman, is bereft. Acting on his behalf, a local businessman sells Chiyo and her sister to an *okiya* (geisha house) in Kyoto.

This is 1929 and life is hard. Chiyo is separated from her sister, tries to run away, falls and is forced to be a maid until she is 14, at which point she becomes an apprentice geisha. From here, the story gains a new interest as we see how Chiyo, now renamed Sayuri, "turns her collar" and enters the codified, illusory world of a fully-fledged geisha.

Golden's descriptions of this rarefied life are remarkable in their detailing - the hairstyle an apprentice wears is called *momotaro*, or "split peach", because of its resemblance to the female genitalia.

However, for all its richness, the novel is certainly not the indictment of prostitution and sexual ownership it could be. As one geisha observes, "We don't become geisha because we want our lives to be happy; we become geisha because we have no choice." Global events, like the Depression and the second world war, are glossed over leaving us with a sense of frustration at Sayuri's naivete.

To be fair though, Golden's book never sets itself up to be such a critique. His interest in Japanese culture as an academic, not a political or economic commentator, is clear from the start. As a

constructor of narratives though, Golden is less certain - the pacing can be clumsy (including a massively truncated latter half of Sayuri's life) and the prose is, at times, simplistic.

Despite this however, Sayuri's story is fascinating. At the book's close, when she is running her own tea-house in New York as an old woman, the sense of having glanced into an exotic, lost world is positively tangible.

A tea ceremony also figures significantly in Robert Olen Butler's *The Deep Green Sea*. In Ho Chi Minh City, a 47-year old

MEMOIRS OF A GEISHA
by Arthur Golden
Chilton & Windsor £9.95, 428 pages

THE DEEP GREEN SEA
by Robert Olen Butler
Secker & Warburg £9.99, 228 pages

Vietnam vet named Ben Cole returns to wander aimlessly through the streets of a city he still calls Saigon. Nothing much seems to happen until he finds himself in a room belonging to an attractive young Vietnamese woman, drinking tea at a "black lacquer table inlaid with white cranes".

The book opens with two of them in bed, about to have languid sex. This moment is frozen, fractured and unbearably stretched to accommodate several flashbacks of their personal histories.

Butler manages to avoid some of the traps when writing at such a highly-wrought pitch, but not all. Consequently, the moments between Cole and Tien that are supposed to be meaningful remain meaningless because they have such a narrow emotional range; and instead of being tense with each other, as the situation demands, they are intense, which is not the same thing.

Butler attempts to bolster the narrative by supplying odd, tragic backgrounds for the main characters and a somewhat melodramatic ending, but it is hard to enliven such an internalised story. Cole's propensity to be taciturn grates after a while and Tien's stabs at coquettishness sound ill-fitting and misjudged.

Susan Miller grew up, unhappily and in an atmosphere of permanent tension. In New York in the 1950s, Stella Muller-Madej is a generation older, a girl who was born into a middle-class family in Poland but spent her adolescence in Nazi forced labour and concentration camps. What they have in common, apart from their Jewishness, is the experience of suffering at an age when other children are struggling just to grow up.

Both accounts are detailed and intense. The violence Susan Miller feared came from within her family, from an older brother who forced her to play sadistic games involving torture and near-suffocation. For Muller-Madej, the threat came from the outside world as she, her parents and her brother were driven from their comfortable home in Krakow to the ghetto, then to camps where they were subjected to almost unimaginable cruelty.

The striking difference between the two families is that Miller's parents, distracted by their own problems - most of them caused by her father's secret heroin addiction - did not intervene. Her mother was simply too worn down by anxiety while her father, many years later, admitted that he had not really been aware of his daughter. "I never thought of you at all as a person with feelings", he told her brutally.

The parents of Muller-Madej, by contrast, fought throughout their ordeal to keep their children alive. They managed to get transferred from the Płaszow camp, via Auschwitz, to a forced labour camp run by Oscar Schindler, the man whose story formed the basis

Girls' journeys through pain

Joan Smith considers the parallels between the autobiographies of two Jewish women

of Steven Spielberg's film. In 1945, against the odds, all four emerged from the camp and returned to Krakow where Muller-Madej lives to this day.

Of course, there are superficial parallels between her narrative and the diaries of Anne Frank, another girl whose growing-up was done in the shadow of the Nazis. But the differences are just as significant. Stella Muller-Madej survived the camps and her autobiographical account was written many years after the event. In that sense, it has more in common with *Never Let Me Down*, whose epigraph - "Memory is a kind of accomplishment", a quotation from William Carlos Williams - might stand for both books.

Of the two, *A Girl From Schindler's List* is the more straightforward, sketching its author's life in Poland up to the moment she and her family were driven into the newly established Krakow ghetto. Part of the horror of her chronological account, as with other Holocaust narratives, is that the reader knows the circumstances in which she and her family find themselves will soon get much worse.

The book is novelistic, with long passages of dialogue, and it is impossible to know how accurately Stella Muller-Madej has remem-

bered exchanges which took place more than half a century ago. But what it expresses, above all, is the abiding horror of growing up in circumstances which necessitate a denial of human sympathy. Muller-Madej and her parents dare not show emotion as other prisoners are beaten, tortured and murdered in front of them. It is impossible not to wonder about the long-term effects on the survivors of this unnatural discipline.

Stella Muller-Madej does not answer this question, ending her narrative with her family's return to Krakow. But Steven Spielberg has observed that "none of the people from Schindler's List" I have met have ever been truly happy, none have managed to get away from the misery of the past."

This certainly seems to be true of Susan Miller, whose angry, oddly structured

account of her adolescence is interwoven with scenes from her adult life as she tries to come to terms with the fear and misery which were her childhood companions.

When she was nine or 10, her brother Aaron was already attacking and tormenting her on a daily basis. The two children were dimly aware that something was wrong with their parents and Aaron's systematic violence towards his sister ensured that the disturbance, whose cause had been kept from them, was carried over into the next generation.

Miller recalls that during these games her brother "is always an army officer, either Japanese or a Nazi. It is always World War II and I am always a prisoner, a minor member of the underground." Miller and her brother are the descendants of east European families whose members, if they had not escaped to the US, died in the camps. This makes their games, and Aaron's assumption of an oppressor identity, all the more shocking.

And yet, as Miller explains it, her father's addiction is the absolutely central fact behind the difficulties which beset her family as she grew up. She did not discover the truth until she was 21, when her father revealed it, quite casually, over dinner. The

next day, her mother told her the rest of the story - how he began shooting up in 1946, when she was pregnant with Aaron, and continued until Miller herself was 13. His death - from hepatitis - contracted during this period but dormant for many years, plays a central role in her narrative; as Miller helps nurse him through the last few days, she acknowledges that she does not want to keep him alive but needs a belated recognition that she is a living, breathing, separate person.

Miller's memoir has been hailed in the US as a dazzling debut. Yet the effect of its vocabulary, heavily influenced by psychoanalysis, and its circular structure, is to create an atmosphere akin to a protracted therapy session. Her re-working of material suggests not that she is travelling towards an eventual release from traumatic experience but that, like Spielberg's Holocaust survivors, she remains in thrall to it. Perhaps that is the point of Miller's book, her way of revealing the extent to which even the descendants of people who died in the Holocaust - her father's generation and her own - have been touched by it. How else to explain her father's emotional distance and his descent into addiction, her mother's terrors?

Miller's misfortune is that she has chosen such an American idiom for her book that it undermines the impact of her sad story. Like half a dozen other contemporary writers who are still trying to come to terms with difficult childhoods, her prose displays the deadening effect on language of therapy - and the limits of this kind of protracted self-analysis as a means of coming to terms with the past.



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BOOKS

Brash and vulgar, a parvenu capital

Jackie Wullschlager is enthralled by a history of Berlin's horrific and turbulent past

Berlin becomes the capital of Germany in January 2000. But given its horrific past, it is as a millennial capital lying at the heart of Europe, "No other city on earth," writes Alexandra Richie, "has had such a turbulent history; no other capital has repeatedly become so powerful and then fallen so low."

This ground-breaking and impressive book tells the

FAUST'S METROPOLIS: A HISTORY OF BERLIN by Alexandra Richie
HarperCollins £29.99, 854 pages

city's story, from its origins until the present. Like a tragic drama, sweeping and inevitable, yet punctured by Richie's sceptical analysis, her mocking wit, and a cogent dissection of its urban myths. It is an enthralling mixture: Richie at once brings alive the connections and continuities of history and relentlessly queries the city's political and cultural status today.

Berlin's location, in a long plain of marshes and swamps stretching as far as Warsaw, exposed to cold winds from the east, embodies, says Richie, "its erratic, insouciant nature... It is neither an ancient gem like Rome, nor an exquisite beauty like Prague. It was formed not by the gentle cultured hand which made Dresden or Venice but was wrenched from the unpromising landscape by sheer hard work and determination". Early on, it was shaped by an event which

did not happen – unlike London, Paris, Cologne, it was not conquered by Rome, and that absence of cultured veneer has been apparent ever since. Berlin is brash, vulgar, a parvenu 19th century capital which has never been at ease with itself.

Julius Caesar thought the Germans too barbaric to be absorbed into the empire. Through the early Middle Ages, the area around Berlin was a heathen wilderness, sandwiched between Christian Brandenburg and Christian Poland. Not till the 12th century, when it was a trading town of minimal importance, did Christianity triumph, and until the 15th century it remained a primitive outpost, stormed by robber barons, beset by famine and plague.

It was saved by the Hohenzollern princes, alone among the ruling families of post-Reformation Europe in producing "a succession of four healthy male heirs none of whom was mad or deranged". They were obsessed, however, with the military, and by the time of Frederick William I, the Soldier King, intellectuals were referred to at court as "dog food" and a court jester was appointed to succeed Leibniz at the Berlin Academy. Thus was laid the ground work for the brute, uncivilised force of Prussia, the "army with a state".

Centuries of militaristic rule produced a population which by the 19th century was among the most docile in Europe. Berliners, said Lenin, were incapable of sustaining a revolution as they would never disobey the "do not walk on the grass" signs between them and the palace



Curious Berliners at the Brandenburg gate in 1989 after the fall of the Wall: the divided city had been the most potent symbol of the cold war

gates. When Berlin became capital of a united Germany in 1871, sophisticated Germans from Munich, Leipzig, Hamburg continued to despise it, yet for a brief shimmering moment after the first world war its lack of historical civilisation made it the great centre of modernity, "the undisputed capital of 20th-century culture".

This is the Berlin of artistic legend – Brecht and Weill's *Threepenny Opera*, Isherwood's *Goodbye to Berlin* and the film *Cabaret*, the hard faces of prostitutes leering out of paintings by Georg Grosz and Otto Dix. Richie sets this tantalising "unfinished metropolis", the ever-changing city which lured artists to fix its instability for posterity, against the cruel background of

1920s hyper-inflation and starvation. My wealthy grandparents married in Berlin at this time, and used to tell how the cost of the restaurant meal to celebrate their engagement doubled between ordering and eating it.

More than half this book is concerned with Berlin after 1933, when the city became the administrative centre of the most murderous regime in 20th century history. Much of the material here is well-known; Richie's account, however, is distinguished by a broader historical context, by an attention to details which still shock, and by a concentration on the fate and reactions of everyday Berliners as their city collapsed, morally and physically, around them.

More bombs fell on Berlin than on the whole of England; by 1945, 70 per cent of the city lay in ruins. Then the most primitive Russian soldiers, chosen deliberately to tell how the cost of the restaurant meal to celebrate their engagement doubled between ordering and eating it.

For everyday civilians, the war in Berlin was more traumatic than elsewhere in Germany – of my father's class of 30 schoolchildren, only two survived; among older women, Richie notes that the Russian Tomb of the Unknown Soldier is universally referred to as the Tomb of the Unknown Rapist. But as Richie points out, this has left a complicated, still unresolved legacy: after 1945 Berliners east and west so identified themselves as victims of the war that they absolutely refused to face the fact that their city was

responsible for running the machine of terror that caused it.

Here Richie, whose family has lived in Berlin since the 13th century, is inexorable: she shows how ecstatically Berliners welcomed the Nazis in 1933, how the city thrived on the spoils of war – "the soldiers in Bohemia sent home crates of beautiful crystal... those in Norway shipped fur coats" – how dismal was the Berlin resistance, and how racial extermination across Europe was "planned, directed, sanctioned and recorded by the thousands of bureaucrats and officials who sat in their offices in the centre of Berlin".

After 1945, Berlin remained at the heart of world history, the divided city the most potent symbol of the cold war. Two lost generations grew up – in the down-and-out "alternative" culture of west Berlin, from 1961 a walled, island city, and in east Berlin, capital of the GDR, where one totalitarian state evolved almost seamlessly into another.

Richie is excellent on the rewriting of history here, as the Stasi took over Gestapo networks while the Soviets reopened camps such as Buchenwald. The GDR, product of two vicious regimes and stoked by the famous Berliner docility, became the police state of police states – the Stasi was the country's single largest employer with a quarter of the population belonging to it, of whom 16,000 were full-time spies.

West Germany's eagerness to "bury" dissidents out of jail – at Christmas they were swapped for oranges – provided valuable hard currency for the bankrupt state and ensured no alternative movement, such as Poland's Solidarity, got off the ground. "To this day," says Richie, Berliners "have never initiated a successful revolution". It was mass demonstrations in Leipzig and Dresden, encouraged by developments in the Soviet Union, which brought the Wall down in 1989.

Like Faust, Berlin has been given another chance. How it shapes up as capital of 21st century Germany, "the first successful liberal democratic capitalist united Germany", depends in part on how it assimilates its history. No one interested in Germany and its place in Europe can afford to ignore this mesmerising book.

Sad or sadist?

Are you the kind of person who reads an article about meningitis and is suddenly convinced that you have all the symptoms? Do you automatically feel your glands when the person sitting next to you admits to feeling flu coming on? Or do you check your pulse when you are told the average beats per minute of a healthy heart?

If the answer is yes, you may want to proceed with caution: Dr. Peter C. Whybrow's thoroughly accessible and edifying book on mood disorders, focusing particularly on mania and melancholia, might leave you feeling a bit depressed.

If, however, you do get depressed, don't panic: according to Whybrow, depression (in moderation) is the sign of a healthy body. Depression, like stress, is a warning signal that your body is not in harmony with its environment and is undergoing the necessary self-modifications to return it to its natural equilibrium or "homeostasis". "The human body's extrinsic capacity to regulate itself and adapt to an ever-changing environment is what has guaranteed man's success as a species. Mood swings are just another way the human body fine-tunes itself in the evolutionary process of optimising its potential."

Whybrow uses a quote from C.S. Lewis as an epigraph for his first chapter to help demonstrate the biological purpose of emotion. "No one ever told me grief felt so like fear." The reason grief feels so like fear is that our preservation as a species is dependent upon the presence of those we love – our fam-

lies and friends; so the grief we feel at the death of a family member, for instance, stems from our primordial fear of species extinction. Grief and fear are the biological side-effects of our own built-in mechanism for encouraging social stability by making instability painful and uncomfortable.

Whybrow's main concern, however, is for those cases in which that pain and discomfort are so extreme as to

A MOOD APART: A THINKER'S GUIDE TO EMOTION AND ITS DISORDER by Peter C. Whybrow
Picador £17.99, 363 pages

THE CRIMES OF LOVE by Marquis de Sade
Peter Owen £9.99, 125 pages

be intolerable. Whybrow does not attempt to offer a neat answer to the cause of "mental illness"; instead, he highlights all the simultaneous factors that contribute to an individual's susceptibility or "vulnerability" to mood disorder in the hopes of dispelling some of the myth and stigma surrounding the disease. Whybrow rejects reductive arguments in favour of a more encompassing explanation in which everything from genes to upbringing – nature and nurture – even personal responsibility, are contributing factors.

This plurality of causes stands in direct opposition to the antiquated notion that mental illness is the result of moral turpitude; although this interpretation is not sci-

entifically viable and cruelly punitive to those who find themselves so categorised, one might still be tempted to use it as an excuse for the Marquis de Sade's notoriously wicked behaviour – a man so famous for his moral turpitude he left an indelible impression on the English language.

The Crimes of Love stands alone as a kind of "book apart" from the rest of Sade's work. The five stories found in this edition are taken from a larger collection of the same title, written while Sade was in prison (he was incarcerated for the period of 12 years on the behalf of his mother-in-law) and originally published in 1800.

They are essentially cautionary tales and, like the Brothers Grimm, Sade does not spare the gory details in trying to dissuade his readers from vice and encouraging them on the path towards virtue. Sade justifies this approach at the end of the first story by writing that, "we shall not regret the trouble we have taken in transmitting to posterity an event which, shocking though it is, could then serve for the good of mankind". In her introduction, Margaret Crosland suggests that the pervasively puritanical sensibility apparent in these stories is evidence of Sade's attempt to clear his name and earn a reputation as a moralist – following in the footsteps of the philosophers whom he greatly admired.

The Crimes of Love is an atypical selection of work from a man whose example we cite as the prototype of sexual cruelty. Perhaps driven by remorse for having once "flagellated working-class women", Sade now becomes a champion (however tarnished) of the female cause, giving women the dominant roles in his fiction and always avenging their lost honour – rape and incest are crimes punishable by death. What is the moral of these delightful stories? Perhaps it's that even a sadist can feel sad.

Christine Pountney

Crossed swords over porcelain

porcelain since the 6th century and Gleeson's book tells of the European efforts to catch up.

The story begins – rather breathlessly – with Böttger fleeing through the Dresden night having escaped the imprisonment of Augustus the Strong, King of Poland and Elector of Saxony. Böttger was a marked man because of a stunt he had pulled some years earlier in which he did, apparently, transmute silver into gold.

While Böttger, a talented chemist, was not a complete charlatan, he did make Augustus a series of promises he could not hope to fulfil in terms of when and how much gold he would produce. Although eventually given his freedom, he managed to keep the cha-

rade going for years until he was fortuitously switched to the search for porcelain and made his amazing breakthrough.

Gleeson includes plenty of detail on types of clay and temperature of furnaces, but mostly she concentrates on a very sorry human saga. Böttger's physical and emotional health was shattered by both his efforts and his incarceration. Although eventually given his freedom, he indeed made a Baron at the

THE ARCANUM: THE EXTRAORDINARY TRUE STORY OF THE INVENTION OF PORCELAIN by Janet Gleeson
Bantam £12.99

age of 32, he was already a broken man and he died five years later, in 1719, an alcoholic, nearly blind, prone to bouts of insanity and agonisingly poisoned by his long term exposure to mercury and arsenic.

The story so far is hardly a heart warming one, but after Böttger's death it becomes grotesque. Böttger could at least be seen as some kind of flawed genius, but most of his colleagues were simply corrupt, and Augustus a hideously fickle tyrant.

That Böttger had in fact succeeded in turning base metal into gold – Augustus's porcelain factory at Meissen became hugely profitable – further fuelled the already rampant duplicity and excess of the court. Out of this poisonous atmosphere

came endless betrayal and monumental self-aggrandisement. The King at one point commissioned an equestrian statue, nine meters high made entirely of porcelain that was only stopped when Frederick the Great intervened to unceremoniously load the treasures of Meissen onto ox carts to ship them back to Berlin.

Gleeson's exposure of the venality and exploitation at the heart of the desire for the discovery, production and then use of porcelain ultimately casts a bluish on the beauty of the often absurd artefacts themselves. As for the fabled arcana, the formula so secret that it necessitated the imprisonment and destruction of its discoverer, it had been leaked to Augustus's competitors almost as soon as it was discovered; within a couple of decades the crossed initials of Sèvres had replaced the crossed swords of Meissen as the world's most exclusive mark.

Nicholas Wroe

Newspaper baron extra ordinary

Indeed, so colourless a man was he that he gradually fades into the background. Instead, the Mail's mid-century procession of eccentric editors and flamboyant foreign correspondents take centre stage, together with his professional and personal rivals.

Rothermere, who took charge of the family company Daily Mail & General Trust in 1897, presided helplessly over falling circulation figures and the rise of the print unions, achieved one thing. He kept the newspapers alive to hand over to his son Vere, who turned out to have the hard-edged proprietorial quality he lacked.

One of the difficulties of this book is that the most compelling commercial event starts to emerge as it ends. The partnership between David English and Vere Harmsworth that turned the Mail into the dominant mid-market tabloid, crushing the Express over 20 years, is founded in the final chapters.

Were was a clear-sighted and determined risk-taker. "Of course, if I turn it into a tabloid and I fail, I shall have to leave the country... I'm going to do it," Vere told a colleague on the eve of the Mail's great experiment in

THE RELUCTANT PRESS LORD: ESMOND ROTHERMERE AND THE DAILY MAIL by S.J. Taylor
Wiedenfeld & Nicolson £25, 240 pages

1971. By comparison, his father lacked steadiness of purpose, appointing a series of editors who took the Daily Mail first in one direction and then another.

What saves this account from being a sad chronicle of failure are partly the exploits of the Mail's correspondents, as recalled in loving oral history from the bar of The Harrow, its former Fleet Street pub. "Christ, I love this business,"

exclaimed English as he read his latest scoop in print, and it is easy for the reader to understand why.

The book opens with the memories of Ralph Izard, "former chain-smoker, former alcoholic, former womaniser and celebrity stuntman for the Daily Mail" who climbed up Everest to intercept the 1953 British expedition, and was the journalist who "discovered" the Himalayan Abominable Snowman. This world is now largely lost, although the book confirms in passing the accuracy of Evelyn Waugh's Scoop as a portrait of mid-century, mid-market UK foreign correspondents. It was ended by falling circulations and rising costs, and by English's decision to focus the Mail on stories that engaged women more than tales of male derring-do.

The most intriguing material of all concerns the personal lives of Rothermere and his second wife Ann Charteris, who later left him for the novelist Ian Fleming.

Ann appears as a voracious and amoral figure, whose sado-masochistic relationship with Fleming led to her becoming pregnant by him during her marriage to Rothermere.

Indeed, while sexual intercourse may have begun in 1963 for most of the nation, it was in full swing at Associated Newspapers several decades earlier. "You have made bruises on my arms and shoulders. All this damage will have to be paid for some time," wrote Ian Fleming to Rothermere's wife.

The damage to the Mail by the time Rothermere handed over had been considerable. Yet he preserved the title, seeing off a takeover threat from Cecil King's Daily Mirror, and placing one condition too many on the practically agreed merger of interests with the Express. The rest is history.

John Gapper

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ARTS

With any modern art continuing in what is perceived to be an ancient tradition, the easy assumption is that it must be decadent, and not all that interesting. Certainly my own expectations were channelled in that direction after talking to people who had visited the 20th-century section of *China: 5000 Years* at the Guggenheim Soho in New York.

The prejudice could not have been more mistaken. As a succession of individual pieces, the ancient art might have the edge in terms of particular quality - which, with the treasure of five millennia to choose from, is hardly surprising; but it is the work of the 20th century, with its creative tensions, conflicts and new beginnings, that is in its way the more fascinating.

Its several sections follow the story of the century - from the decline and fall of the last imperial dynasty, the Qing, through the warlord turmoil of the 1920s, the emergence of the Chinese communist party in the 1930s and the war with Japan, to the People's Republic, Mao's Great Leap Forward and the Cultural Revolution, and the comparative but uncertain liberalisation of recent years.

The most intriguing section is that given to the socialist realism of Communist China after 1960, with art the propagandising tool of the state. To our western sensibilities, this is work that is all too easy to deride, with those torchlight parades of happy hero-workers (Cai Liang 1959), or groups of cheerful tourists in Tiananmen Square (Sun Zixi 1964), and everywhere the smiling presence of Chairman Mao.

Yet behind the bland platitudes of propaganda, we find irony, paradox and contradiction. In those vast oil paintings, and even more in the large, extraordinary works on paper, realist principles of figure painting, supposedly based on western academic drawing, were applied. At that time in the west, this academic tradition was on the point of being discarded as old-fashioned, restrictive and irrelevant. But in China, it was taken as the acme of modernism, to counter the stultifying effects of China's own tradition, and bring in the brave new world.

Such work ends up by being everything at once, and rather splendid in the bargain. The peasants sit enthralled by the village story-teller (Fang Zengxian), like Millais' young Raleigh. And the eight beautiful "Female Martyrs" (Wang Shenglie 1969) fight their bitter rear-guard action, firing at an unseen enemy before wading to their deaths, in an image quite as compelling as any epic Victorian narrative by Lady Butler. But, looked at for what it is, in the drawing and the paint, it is even



'Four Generations', 1992 by Liu Wenzhi. Hanging scroll, ink and colour on paper

Survival of the Zen instinct

William Packer follows the progress of Chinese art in the 20th century

more astonishing, not just as a piece of description but for its economy and certainty. Seen dispassionately, it is a celebration of brush and line in the direct tradition of the old Zen masters of calligraphy.

The landscape painting of this period, in wash and line, is affected in just this way, with the old Chinese manner proscribed officially yet instinct in every brushstroke. Barges work their way up the looming bank of

the Yellow River (Shi Lu), a near-abstract bird's-eye view and as delicate and beautiful an image as any 17th-century landscape scroll.

In the later 1970s, after the death of Mao, there comes an open return to formal freedom, and still it is the tension between the present and the past that is more interesting than the direct adoption of obvious western styles, photo-realism or socio-political commentary. It is the calligraphic

abstract-expressionism of Zhao Wujie (1972) that marries an innate Chinese sensibility to long experience of Europe, that is the more persuasive.

The neo-traditionalism of the last two decades is the most interesting of all, for what it says of the unavoidable, all-permeating quality of any true tradition, and the pointlessness of trying to escape it. Here, in Shi Lu's classic landscape scroll of Mount Hua, or the exquisite

drawings by plum-blossom of Shu Chunxi (1955), in the huge hanging forest-and-mountain triptych by Xiao Haichun, or the giant, heraldic calligraphy of Wang Dongling (1987), we find art set within a tradition, yet entirely of its time.

Which, with the work of the older traditionalists of the Shanghai School of the later 19th century, was where we came in. There is Xugu's village beneath the forest and the mountains,

drawn with such soft and deceptive simplicity - "An endless day in the Tranquil Mountains". Would that it were so.

'China: 5000 Years - a century in crisis': Guggenheim Museum SoHo, New York until May 24. Sponsored by Lufthansa, Nokia, Ford, Coca-Cola, The Starr Foundation, the W.L.S. Spencer Foundation with support from the Esquel Group and Mrs May Lau.

Television/Christopher Dunkley

New angle on politics

Television has trouble dealing with politics, traditionally one of the main topics of journalism. Matters are manageable if the politics are foreign, part of history, or if the main interest is a political personality. But if the concern is the sort of politics traditionally dealt with by leader columns, then television has problems. Broadcasters are required by parliament not to behave like newspapers, but to be even handed. So programmes have to adopt a formula which will stay within the rules: a round-table discussion with all major parties represented (as in *The Midnight Hour*), or a stern one-to-one interrogation, balanced by similar interrogations of representatives of other parties in following weeks (*On The Spot*).

These are all very well, but they tend to be rather arid set-piece events, lacking the very elements which can make politics so interesting. Even pub discussions can be more lively and passionate than politics on television. Hearing William Hague trot out his standard biographical answers on the first of the *Kirsty Young Interviews* on Channel 5 last week was deeply underwhelming.

Channel 4, however, has gone quite a way towards conquering the difficulties, notably in the excellent series *A Week In Politics* which succeeded by being simultaneously knowledgeable and irreverent, a process hugely helped by the fact that the late Vincent Hanna was one of the presenters. His untimely death was a dreadful loss. However, his talented co-presenter Andrew Rawnsley can be found tomorrow presenting *Now We Are One: Blair's Year*, and today there is *Now We Are One: A Night To Remember*, followed by *Rory Bremner: From Blair To Here*.

Before any of that there is the first in a three part series called *The Money Changers - The Struggle For The Euro* at 8.10 this evening on BBC2, a programme which adopts many of the practices of *The Death Of Yugoslavia* and *The 30 Years War* - blending archive footage with extensive interviews of those who were involved at the time and survived - which is scarcely surprising given that the same independent company, Brian Lapping Associates, has been responsible for all of them. The surprise is that producer/director Stephen Clark has managed to bring a real sense of excitement to such normally brain deadening subjects as the Bundesbank, US gold reserves and the snake. Indeed, if this programme did nothing else it would be worth its 50 minutes for providing a graphic and unforgettable illustration of how the snake came to get its name.

Today's *Night To Remember* is that rare thing, a genuinely bright and new idea in television. Made by Rob White and Don Jordan for ITN, it takes apart the footage of election night, and edits it with all the advantages of hindsight. The result is an engrossing chronicle which contains not only the extraordinary highlights of that bizarre night (the late James Goldsmith, a loser, shrieking like a barrow boy at David Mellor, another loser, in Putney; Michael Portillo trying to sustain a mysterious smile and falling) but also wonderful revelations.

You can imagine how John Major must have felt when Martin Bell trounced Neil Hamilton, yet it is still a bit of a shock to hear Major's secretary talking about "the couple from hell". It is hard not to feel sympathy, even for a group as discredited as the Tories, when you hear about the search in the middle of the night for William Hague, as for some young captain after all the senior officers have been wiped out. And perhaps there has already been wide reporting of what Tony Blair said to Neil Kinnock when, engulfed in cheering supporters, they clapped one another on the back as dawn broke over the Thames. ("Okay wise guy, what do we do now?") but it was news to me, and oddly endearing.

This is a most fascinating programme about politics, though it is not what you would call a political programme. The second part tomorrow, *Blair's Year*, comes much closer to being political. Rawnsley reviews the events and policies which have created most stir during New Labour's first year in office, beginning with the death of Diana, Princess of Wales and Bernie Ecclestone's £1m donation, and moving on via Geoffrey Robinson's offshore trust, the millennium dome, Cool Britannia and hospital waiting lists, to Europe, lone parent benefits and the Irish peace talks. This being television, it would be more than his job is worth for Rawnsley to say what he really thinks, of course. Yet by getting those within the cabinet and the party to comment upon one another, producer Jane Bonham Carter and director Peter Minns have managed to create a highly political document. Let's hope it is the first of many.

Radio/Martin Hoyle

Food for the soul

An Italian film of the late 1970s, *The Tree of Wooden Clogs*, with its exquisitely muted colours, gently inexorable pace, and close-ups of faces both beautiful and weathered, did much to hasten the colonisation of Chianti. Britons discovered rural Italy, the lyrical passage of the seasons, the toil on the earth at one with nature. I remember one climactic sequence that showed the slaughter, hanging, bleeding, dissecting and curing of the family pig. The ravished Brits were and are still enthralled by picturesque peasantry - provided it is foreign. The same Chianti commuters are those Guardian and Independent readers who, to a newish man, most sneered at the London countryside march.

and whose proximity with British nature comes no closer than buying organic vegetables in their local supermarket.

The paradox recurred over Easter when an unusually moving *Food Programme* (no, that is not a laxative joke) emphasised the community, fellowship and seasonal awareness of a farm house meal; how bread and wine, by extension food in general, "is symbolic of everything else". The company included those who killed and prepared their food like the Italian peasants, who spoke of a "food culture" which the urban chattering classes adore if it comes with a French accent. These were not weekenders. They had learnt the hard way. An ex-orchestral player had become a successful cheese-maker. A "hunter-gatherer with a spiritual touch" admitted, tongue-in-cheek, to smoking meat over shavings from chopped-up church chairs. The programme exuded serenity, not smugness. Someone claimed to feel the luminance of God. Eating and drinking and religion all

fulfil spiritual needs, they insisted. The programme made you believe it, and realise why the taking of food and drink are at the heart of many religions. On Good Friday *Woman's Hour* had dealt ostensibly with food and religion. I can't remember anyone using the word "spiritual" at all. This was *WH* on bad old woman's mag form: cheap, cheerful, chirpy. Domestic, familiar, even medical. But spiritual, hardly.

The new Radio 4 schedules puzzle by containing so much of the old merely rejuggled for the least convenience of the most listeners. No wonder the predominant word from the public in *Feedback* (oddly moved to less prominent times) is the BBC afraid of something? was "dull". What is alarming is the televisualisation of radio. The crassest example of the bodily moving from the visual into an aural medium is the antiquities quiz *Hidden Treasures*. If ever a subject depended for its point and pleasure on ogling the artefacts described - sometimes mysteriously uncategorisable articles whose description became part of the game - it is this; especially as I heard on at least two occasions clunks and muffled shrieks, as if a priceless object had slipped from the nerveless fingers of Bunny or Lars (those are their real names). If being radio, we shall never know. Amazing to relate, the arts

slots are not too bad. Random listening threw up reviews of Puccini's *Tristano* (*Saturday Review*) and Mahler on CD (*Front Row*). As presenters of both programmes (Tom Sutcliffe, Mark Lawson) are associated with BBC2's alleged arts flagship, *Late Review*, whose disgraceful musical illiteracy eliminates any mention of London as world capital of classical music performance or the almost suicidal boom in classical recordings that they managed a much fanfared notice of a Madonna album recently), this was a surprise. Perhaps the most agreeable moment to luvvy-haters came in Monday's enquiry into what makes a commercial theatrical success. A producer called Thea Holt airily charted the success of what she called "my *Doll's House*". "We got it right," she said in tones of self-congratulation. Audiences so easily might have stayed away without her (rather vaguely defined) ministrations. She thus managed to patronise both the idiot public and that theatrical lame duck Ibsen, who presumably owes his success to the likes of Holt.

If the first of *The Candidate* was a trifle bland, it was because Jonathan Dimbleby interviewed a self-evidently suitable (hypothetical) applicant for a hot-spot job. The post was running the Royal Opera House, Covent Garden, and the candidate was John Tusa, currently supreme of London's Barbican Arts Centre. Sensible, informed, no-nonsense but sensitive, he should be snapped up. But it's not the first time we have said that of Tusa. He is still remembered as the best director general the BBC never had...

Concert/David Murray

Youth and music

John Eliot Gardiner conducted the National Youth Orchestra at the London Barbican on Tuesday, and they made a brave sound. Except that "brave" isn't quite right: we all know that there is safety in numbers, and the NYO was the most numerous orchestra I have ever seen on that stage.

Apart from all the extra brass needed for Janáček's *Sinfonietta*, Gardiner enlisted unheard-of forces for Mahler's *Das Lied von der Erde*: four harps, 10 or a dozen horns, *sempre* woodwinds - with strings and brass to match. He used the full complements only in *Adagio*, of course; but the result was to expand the scale of orchestral dynamics and density from a normal-size pop whisper to monster-weight *fff*.

His pragmatic purpose was evidently to have as many young players participate as possible. Not really a matter of "Buggin' the turn", there are simply too many 16- to 18-year-olds who are too brilliantly proficient to ignore. As always, one admired the astonishing security of the NYO's youthful brass in Janáček (older players may

envy them), the artful musicianship of their solo woodwinds, the uncanny maturity of the cellos - what is it about that instrument, that it should strike deep chords so early? - and was reminded yet again of the adage that "the English make excellent second violins". In Mahler, at least, the NYO's firsts sounded very well trained and rehearsed, and tamely unassertive.

Everybody shone in the Janáček, even if the final return of the opening fanfare missed the feeling of satisfaction. It was characterful and consistently exciting, pressed urgently on by Gardiner, who doesn't go in for many meaningful bestations.

Nor did he in *Das Lied von der Erde*, though his basic tempi were orthodox enough. He may sometimes have taxed the breath of his soloists, the tenor Keith Lewis and the mezzo Anne Sofie von Otter, but he

was acutely sensitive to their expressive nuances. Did they know, when they agreed to sing, that their back-up group would be so gigantic?

In the event, they coped remarkably well. Lewis sang with lucid, impersonal musical insight, while von Otter grew from a rather too consciously inflected "Einsame im Herbst" to a nobly plain, eloquent "Abschied", straight from the heart.

Just occasionally, some vast orchestral surge swallowed one of them up - but even with the less overwhelming band that Mahler prescribed, it is a rare tenor who can make himself heard all through the "Trinklied", and almost any mezzo gets trampled in the youths-on-horseback episode of "Von der Schönheit".

Otherwise both singers here penetrated the hubbub with art; and the solo flute, oboe and cor anglais would have done credit to any grown-up orchestra. The NYO is a national treasure.

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Tennis

A game set to net even greater gains

John Barrett marks the tribulations and triumphs of 30 years of open tennis and assesses the future

Game, set and match to Davidson, 6-2 6-3 4-6 6-6," intoned the umpire as Britain's national coach, the cheery Australian left-hander Owen Davidson, jogged towards the net. Smiling, he shook the outstretched hand of John Clifton, one of the young men he had been training since taking up his appointment at the All England Club the previous October.

Thus was open tennis launched. For all of us who competed in the British Hard Court Championships of 1968 at the West Hants Club in Bournemouth, it was an unforgettable experience. We all felt that we were part of something bigger than ourselves... and Rod Laver's game was certainly bigger than mine in our second-round match.

Other former amateur champions such as Ken Rosewall, Pancho Gonzales, Roy Emerson, Fred Stolle and Andres Gimeno - for so long inhabitants of the twilight world of professional tennis - were back in the sunlight. The glare was too bright, however, for Gonzales and Emerson who were both blinded by the sparkling skills of the 24-year-old British No 1, Mark Cox.

Missing from the world's first open tournament were the "Handsome Eight", the players contracted to Lamar Hunt's World Championship Tennis organisation. It had been the appearance of WCT in 1967, following the announcement by the British LTA that they would back an open Wimbledon in 1968 even if it meant expulsion from the International Lawn Tennis Federation (the "Lawn") was not dropped until 1977, that had convinced the doubters that open tennis was unavoidable.

By signing John Newcombe and Tony Roche of Australia, plus the Americans Butch Buchholz and Dennis Ralston as well as Cliff Drysdale of South Africa, Britain's Roger Taylor, Pierre Barthes of France and Nikki Pilic of Yugoslavia, WCT had skimmed the cream off the top of the amateur milk. A hastily summoned special general meeting of the International Lawn Tennis Federation, held in Paris in April 1968, had voted to introduce open tennis forthwith.

The final in Bournemouth, won by 33-year-old Rosewall in four sets against Laver, was a foretaste of what was to come in Paris. Yet none of us was prepared for the conditions we found in the French capital. France was in the grip of a national strike. There were piles of uncollected garbage on the city streets and both air and rail transport were in chaos. The only way to get to Paris was by road.

On the eve of the tournament I had arranged to meet a group of players who were due to arrive by coach from Beauvais. Without warning I found myself in the middle of a tear-gas attack as the police tried to control a huge crowd of rioting students. It was a terrifying experience. The coach never arrived. Nor

Paris '68 was a frightening metaphor for the troubled state of the game

season-long points race leading to The Masters, a play-off for the points leaders. The brainchild of former champion-turned-promoter, Jack Kramer, the Grand Prix's undisciplined aim was to kill off WCT, which was demanding "corporation fees" for the appearance of its contracted players at traditional events.

War had been declared. In 1971, WCT hit back by launching a rival \$1m circuit which ended with a brilliant World Championship of Tennis final (the title always irritated the ILTF), staged in Dallas. It was a masterpiece of presentation. Elements of showbiz were combined with sport as Charlton Heston and Jack Jones rubbed shoulders with referee Tony Trabert and many other celebrities. The 8,200 fans who packed the municipal auditorium, and the millions who sat in front of their TV sets at home to see Rosewall beating Laver in four spectacular sets, all felt they had had their money's worth. As Rosewall received his trophy from the astronaut Neil Armstrong, we were all conscious that this was a giant leap for professional tennis.

The ILTF's response was to ban all contract professionals from official events in 1972. As Alan Heyman, president of the ILTF at the time, said: "... the national associations have spent vast sums on developing young tennis players over the years and are now being asked for even larger sums for the privilege of having those same players compete in open tournaments."

In this climate of antagonism it was inevitable that the players would see the need to organise. The appearance in 1972 of the



Association of Tennis Professionals was no surprise. One year later, the women, led by Billie Jean King, followed with a Women's International Tennis Association, the forerunner of the WTA.

Already in 1970 the women had taken their first tentative steps towards an independent circuit. Insulted by the derisory level of women's prize-money being offered by Kramer at his Los Angeles tournament, nine leading women signed taken \$1 contracts with Gladys Heldman, the publisher of World Tennis magazine, to launch the Virginia Slims tour. It was the most significant sponsorship in women's sports.

Twenty six years later, when Virginia Slims ended its support, they could look back on the great rivalries built by their circuit - Court versus King, King v Evert, Evert against Navratilova, Navratilova v Graf, Graf versus Seles - and justly claim: "You've come a long way, baby."

The commitment of the men to their fledgling association was tested dramatically in 1973 when Nikki Pilic was suspended by the Yugoslav federation for allegedly missing a Davis Cup tie. Pending the outcome of an injunction in the British High Court that would have allowed Pilic to play

at Wimbledon, the ATP, led now by Kramer, advised the ILTF that its members were prepared to boycott the game's most respected tournament.

The injunction failed and, to everyone's astonishment, 79 men walked out. The balance of power was changed irrevocably. Never again would the players be subject to the control of their national associations. The final declaration of independence came in 1980. During a dramatic

Virginia Slims was the most significant sponsorship in women's sports

meeting in the parking lot at the US Open, Hamilton Jordan, the ATP's executive director, announced that ATP had resigned from the Men's International Professional Tennis Council and was forming the ATP Tour in partnership with the tournament directors. That meant the end of any ITF

involvement in men's professional tennis outside the Grand Slams and the Davis Cup.

In the years that followed, the professional game grew vigorously. Commercial organisations saw the attraction of associating their companies with an exciting sport that had a bright, clean image, was played by men and women throughout the developed world, and was attracting increasing interest from the leading television networks.

As the management companies signed up the main top players and negotiated ever bigger clothing, shoe and racket contracts, they began to see the sense in buying existing tournaments and creating new ones. Typical of the latter was the Pepsi Grand Slam Challenge, a four-man special event played in Florida during the mid-1970s. Launched by Donald Dell of ProServ, it enjoyed a short period of success until the sponsor's objectives changed.

While tournament tennis flourished, the Davis Cup was languishing. Something drastic was required. In 1972, the challenge round was abolished and one year later the ILTF at last allowed contract players to compete. That year's 5-0 victory of Australia over the United States,

allowed Laver and Newcombe to remind the rest of the world what they had been missing.

By 1981 numbers had grown so rapidly the top 16 nations had to be placed in a non-zonal competition - the forerunner of today's World Group - and to find a sponsor to fund the annual prize-money of \$1m. The Japanese industrial giant NEC took on that role and has continued since.

Between 1981 and 1994 NEC also supported the Federation Cup (for women players), which was then played in one week of the year at an approved venue. Growing numbers suggested a change was necessary. In 1995 the competition, renamed the Fed Cup and with new sponsors in KB, the Czech banking group, adopted the Davis Cup pattern with eight nations in a World Group and a system of promotion and relegation for the rest.

Today the ITF's two flagships go from strength to strength. The Davis Cup has grown from 74 nations in 1986 to 131 this year. In percentage terms, the comparable figures for the Fed Cup are even more impressive - up from 38 ten years ago to 99 today.

Meanwhile, the cornerstones of the sport, the four Grand Slam championships, have become

ever more dominant. The French and Australian Opens, once the poor relations, have worked hard to elevate their status. Today they stand as equals alongside Wimbledon and the US Open. All four have shown a commendable faith in the future by investing heavily in building programmes. Between them they have committed some \$550m in the past five years to new facilities. The public has responded. Last year ground records were broken at all four sites, with more than 1.7m spectators going through the turnstiles.

Thanks largely to increased income from television, revenues have also increased dramatically - to the direct benefit of the game in Britain where Wimbledon's entire surplus (£29m last year) goes to the LTA.

The players have done well, too. In 1968, Laver took home £2,000 as the Wimbledon champion while Billie Jean King collected only £750. Last year Pete Sampras's prize was £415,000 and Martina Hingis won £375,300. Although the women have gradually closed the prize-money gap, the US Open is still the only one to offer equal pay. Worldwide, though, both groups have prospered. This year, the men will play for \$63.5m in prize-money and the women will share \$40m.

What does the future hold?

The game was harmed by a failure to regulate racket technology

Conscious of the need to make its package more marketable to television and more easily understood by the public, the ATP Tour has proposed a new formula for 2000 and beyond. Seven 10-day super-events, five including women, would sit alongside the four Grand Slams as the heart of a new competition which would be the basis of deciding each year's world No 1. Like motor racing's Grand Prix, all players would start in January with a blank sheet and accumulate points leading to a Masters event for the top eight in November. This would certainly be a more marketable product than the present unwieldy ATP Tour with its 77 events in three categories.

But will the women accept these plans? With four ITF members on the WTA Tour Board, the women are still allied with the establishment. They have a new chief executive in US lawyer Bart McGuire, who senses the chance to capitalise on the exciting young teenagers suddenly emerging - such as world champion Martina Hingis of Switzerland, the American sisters Venus and Serena Williams, Anna Kournikova of Russia and Mirjana Lucic of Croatia.

The women believe too close an association with the men might dilute their own product. Yet a strong independent women's tour requires a new global sponsor to replace Corel, whose association with the sport ends this year. With an asking price of \$25m for a five-year package, such a company will not be easy to find.

At many levels tennis has made impressive strides in 30 years. At the professional level a minor sport has become a multi-million dollar industry. Thanks to ITF initiatives more people in more countries are playing the game than ever before, veteran programmes multiply, tennis is bursting at the seams, and there is even a vast new competitive structure for wheelchair players.

Yet the tournament game has suffered as a spectacle because the ITF failed to regulate racket technology in the 1970s. Power has swamped skill to such a degree that all men's matches - and even some women's - have become one-dimensional slugging contests.

If only tennis had had the good sense to retain wooden rackets - as cricket and baseball did with bats - the character of the game would have been preserved and skill would have been rewarded. Now, I am afraid, it is too late. The stable door is flapping and the horse is out of sight.

Whitbread Race

Sailing into a sudden storm

Competitors have questioned the legitimacy of a new 'wonder sail'. Keith Wheatley reports

times be a problem when a New Zealander gets straight to the point.

He has made a few enemies around the dockside with his criticisms of the "Code Zero" wonder sails which gave Paul Cayard's boat, EF Language, a surprise boost in the first leg and a psychological advantage which the overall race leader has not since surrendered.

The sails are basically spinners that can be flown almost as conventional headsails, giving the relatively small Whitbread 60 sloops enormous extra pace upwind. Unfortunately for dockside peace, Dalton believes them to be a "rule-buster" which race officials have chosen to overlook.

"The sail is wrong," Dalton said in characteristically blunt comments. "It should not be allowed in this race. It's against the spirit of the design rule and it has influenced the results so far."

Other skippers (including himself) failed to develop it because, Dalton argues, it was inherent in the way the rule was written that a tight-luff upwind spinner was not allowed. "It doesn't say anywhere that you can't use jet propulsion on the boats but obviously you can't," he said.

On arrival in Cape Town, at the end of the first leg, where Cayard had used the controversial sail, Dalton and other skippers tried to block it. The Whit-

bread Race Office ruled the sail to be legal. "It's history," Dalton said. "You won't ever hear me criticising the race management because 99 per cent of the time they do a great job. But I bet you any man you want that those sails are out of the next race in four years' time."

His sanguine attitude is all the more creditable, since Merit Cup has gone from being pre-race favourite to a boat that is having to fight for a place on the podium.

While Dalton has gone with the tide and built the new sails he disapproves of, in the months immediately before the race he chose a narrower hull form and higher mast than would be ideal

for the Code Zero. He says that having chosen the skinnier of two boats he had available, he and his crew "are wringing speed out of the boat as hard as we can. We have to improve basically, although I'm not sure what areas we can improve. When the dice rolls," he said, "it might roll our way."

Merit Cup has gone down a notch on the leader board, from second to third, arriving at Port Lauderdale, in Florida, after the sixth leg, but Dalton fully intends to have a spot on the podium when this Whitbread finishes at Southampton. "It's a cliché to say this is

the hardest race so far," Dalton said.

"You hear it every time and after five Whitbreads, it's still true. Now if you're leading and you make a mistake, you get passed by six boats. It used to be the case that only a couple could catch you."

Grant Dalton has a better perspective on the Whitbread Race than almost any other sailor. Twenty years ago Merit Cup's skipper was a young Kiwi gofer on the Dutch yacht, Flyer, captained with great intensity by millionaire amateur Connie von Riettschoten.

"It's definitely true that he brought professionalism into sailing for the first time," real-

led Dalton. "His campaign cost around \$3.5m and all the crew got a \$3,000 win-bonus at the finish which was a serious amount of money for a young kid straight from Auckland."

He has no particular nostalgia for those days, accepting the changes that big money and sponsorship have brought. He makes a comfortable, if precarious, living from putting together these campaigns in a highly organised way that keeps the big corporations coming back.

"I treat it entirely as a business. The race is a day at the office and it is true that the wonderment has gone," he said pragmatically. "The sponsors expect total performance and they're entitled to, for the money they're putting in."

"You don't think about the lovely starlit nights or the sunbeams dancing off the waves. You don't give a damn," said Dalton. "You're more interested in the speed and where the other boats are. There's no more being at one with nature."

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Antony Thorne

How to Spend It

Fashion

High-tech sparks Italy's latest Renaissance

Latex, celluloid, photo-printing. They're all at the (computer) cutting edge of an innovative collaboration, writes Avril Groom

Until the past year or so, little had changed in Italian attitudes to fashion for half a millennium. The rich fabrics and elaborate decoration of Renaissance portraits were made by the forerunners of northern Italy's famous silk manufacturers and artisan embroiderers. The natural vanity of a nation which invented the most flaunting item of apparel, the codpiece or *bragetta*, is apparent in today's designer-clad crowds enjoying the evening passeggiata in any Italian town.

At the cutting edge of Italian fashion there has been a sea-change - the clothes arriving in the shops for summer, and even more obviously in those recently shown for autumn, reveal the results of an innovative collaboration between designers and fabric manufacturers. On to the heritage of decorative handwork are grafted the newest developments in fabric technology, which produces a mélange of new tech and old craft quite unlike commercial Milan tailoring but which somehow manages still to be uniquely Italian.

Embroidery and beading are now interpreted in unfamiliar materials, including celluloid, silicone and mohair, or worked in abstract shapes rather than in the traditional floral motifs. Artisan hand-painting appears on reflective stretch fabric, while hand-made couture finishes are combined with the latest in techno-stretch felted wool. Luxury cashmere or pashmina is metallised or layered with shimmery net in techno polyamide (nylon to those who prefer to call a spade a spade), while lasers give a more precise edge to cut-outs than the surest-handed tailor could manage.

It all gives decorative details a modern twist that no other country has so far picked up on.

The catalyst for both manufacturers and designers, in their own ways, has been East Asia. Concentrating on top-quality natural yarns such as cashmere, silk and linen meant Italian manufacturers were losing ground in innovation to Japan, where fabrics are researched in the chemistry laboratory. The shrewd, textured and stretch results have fired the imagination of the wider world and left the \$50bn Italian fashion trade no alternative but to catch up.

For Italian textile companies, which benefited from huge investment in the 1970s while those in other countries dithered, buying high-tech plant has been less of a problem, and local designers' demands have provided the stimulus for exciting new products.

Those designers have heard the alarm bells rung by the economic stresses in Asia, where label-hungry consumers account for up to half the sales of some. To keep afloat in a shrinking market, they need to jolt the customer into desiring something a little different from a new, softly tailored beige suit.

Innovative Italian designers such as Miuccia Prada, and those based in Italy but with wider experience - such as Tom Ford at Gucci, Jil Sander and Narciso Rodriguez - were already playing with minimal shapes in luxurious but technologically advanced fabrics. Working with the fabric mills to push this concept one stage further, while allowing scope for the Italian love of ornament in updated techno-deco form, has resulted in the new Milan look.

At first sight it is disconcertingly unfamiliar. At the autumn shows buyers had doubts about its commercial appeal, wondering if, in their eagerness to seduce a less free-spending clientele, the designers had gone too far.



Zipper jacket in high-tech, canvas-weave cotton, £730; vintage-style denim skirt, £250, by Jil Sander from Browns, South Molton Street, W1, Harrods, SW1, Fennels, Manchester, and Polyanna, Barnsley

Joan Burstein, owner of Browns in London and the doyenne of British high-fashion buyers, said at first that "the long lines and techno fabrics look so experimental that people might find it hard to relate to". Later, however, she changed her view. "Once you accept that it is a genuine change, you adjust. By the time the clothes reach the shops the magazines will have familiarised the customer with it. When she feels how light and luxurious the fabrics are

to replace buttons, a trellis of pressed creases in place of checks, glistening patches of heat-treated silicone or strips of photographic celluloid instead of beading, turning the medium of fashion's dissemination into something to wear.

It will help that the leap forward in fabric technology does not necessarily mean higher prices - in some cases, the reverse, as handcraft is replaced by machine. It comes as a shock to find Donatella Versace discussing economy measures when her company was for so long the epitome of gaudy consumption. Italy's second largest designer empire now has 10 variously priced labels, and she is well aware that even the prestige main line has market-imposed limits.

Gianni Versace was a great fabric innovator and his sister brings the same approach to decoration. "This could have been done by hand," she says, indicating a starfall of tiny diamond beading on a night-black net evening gown, "but heat-stamping gives a softer, more modern look and is much less expensive".

For spring, she laser-cuts a shredded, frayed trim and uses it for precision slashes. For autumn, there is a computer-enhanced photo-print of a giant, faceted diamond poking fun at her own glittery reputation - on luxurious silk satin. She has repositioned the secondary Istante line to be 20 per cent cheaper than hitherto, with a winning combination of techno fabrics and traditional decoration such as hand-made appliquéd silk flowers.

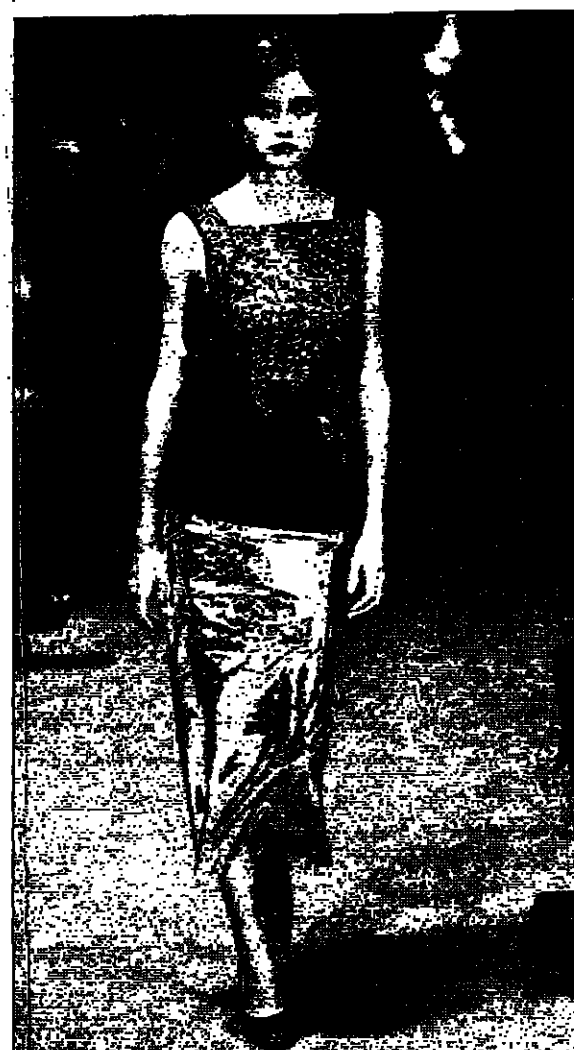
New machines, costing £250,000 apiece, can replicate hand work so skilfully that it is hard to see the difference - except when it comes



Corsetted light wool, with laser-cut shredded trim, strapless dress, £1,680, from Versace, Old Bond Street, W1

to the price, which is much more moderate.

MaxMara, part of the giant Maramotti group, can reproduce hand-made top-stitching and smooth fine cashmere-mix wool that used to be done with tassels. It uses both for its autumn collection of geometrically cut tabards and long-line skirts with seams outlined by top-stitching, which will be accessibly priced.



Wisteria blossom hand-painted on a silk satin top and mirrored plastic skirt, by Dolce & Gabbana for autumn 1998



Coat in heavy silk twill with computer-enhanced photo-print and magnet fasteners, £1,295, from Prada, Sloane Street, SW1

Italian handcraft underpins the new look and gives it an identity. But many of the craft practitioners are ageing.

Revitalising and modernising such skills is one ambition of designers Dolce & Gabbana who champion the Italian style of vintage movies such as *Stromboli* and the traditions of Domenico Dolce's Sicilian childhood.

They work closely with mills at the cutting edge of fabric technology. On a curvaceous, often corseted, silhouette they impose the latest stretch and sheer fabrics that further emphasise the curves. They have also managed to make plastic as covetable as cashmere or satin.

No longer an economy fabric, its high price-tag reflects the advanced research involved, which can only be sustained by leading labels - though, by Italian standards, Dolce & Gabbana's \$233m turnover makes it a relative minnow.

"We want to use highly skilled Italian crafts in a modern context," says Stefano Gabbana, "so we ask high-tech manufacturers and traditional Como craftsmen to work together." For spring, this means a newly developed elastane-silk put under a shimmery, gauzy layer that, unbelievably, is plastic and is scattered with delicate, hand-made, three-dimensional butterflies.

For autumn, technology ties with art. Heavy embroidery and silk fringing are worked without puckering on to stretch techno-silk. Mirror-bright stretch plasticised fabric is heat-printed with a tracery of Renaissance brocade, or hand-painted with mimosa or wisteria.

Gabbana says it is "an alternative to embroidery, but it took more research



Stretch plastic dress, lined in silk and heat-printed with Renaissance brocade pattern, by Dolce & Gabbana for this autumn



Latex corset with decorative stitching, £285, stretch silk and cotton skirt with geometric beading, from a selection, from Prada

because we had to be sure the painting was durable". Plastic is notoriously uncomfortable to wear, so the fabrics have been bonded with silk satin, and often have a built-in corset. The result is as fine a work of handcraft as any beaded gown, and the dearest will top \$10,000.

Like most designers, Dolce & Gabbana are wary of revealing the names of their fabric collaborators, lest others muscle in on their carefully researched technology. Their choice is huge - more

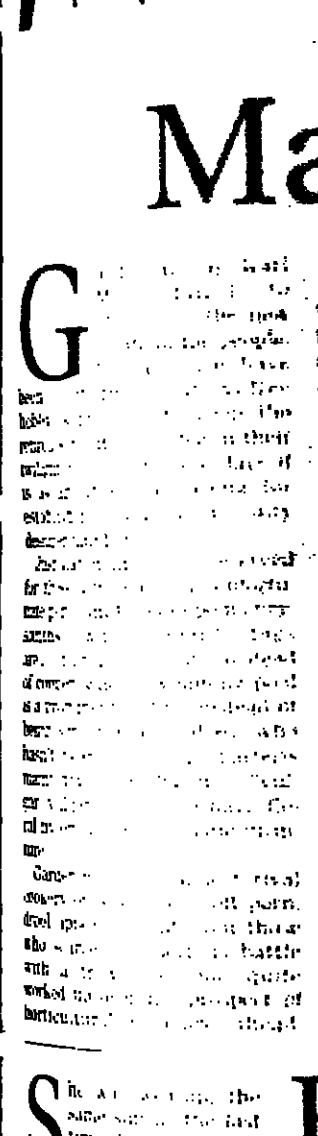
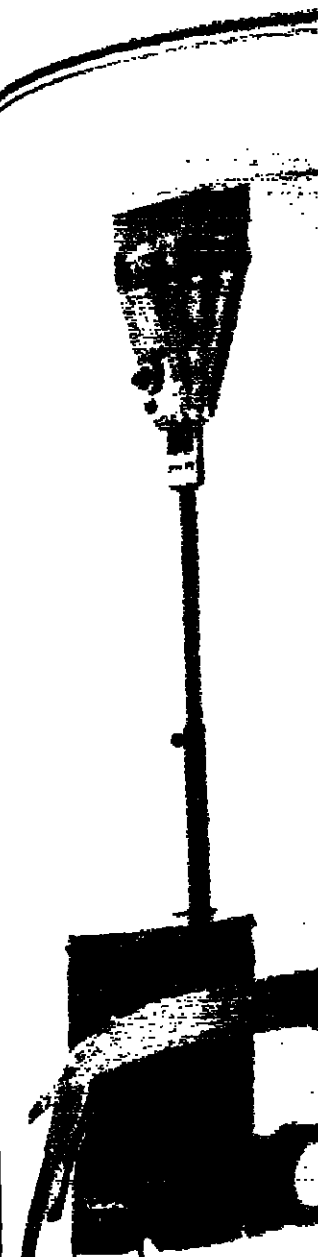
rics from, among others, Loro Piana, one of Italy's top cashmere producers. "It's a very traditional firm but I wanted to use that quality in a modern way," she says.

The results of this collaboration are highly desirable: very light, slightly folkloric materials, such as a fine felted cashmere mix which bears as much resemblance to felt as cashmere does to coconut matting. Mohair is spun into gauze, fur-edged or beaded with frosted silver, or embroidered on soft tweed.

"We invent combinations of natural and high-tech yarns," she says. "I love fabrics developed for modern softness but which look old." For summer, this includes handspun-looking silk and linen mixes that are butter-smooth to the touch, some embroidered in raffia. The lightness, she emphasises, is the main quality of the new natural-synthetic mixes.

Jil Sander, who designs in Hamburg but shows and manufactures in Italy, loves "luxurious lightness" and has achieved it for summer in flutery silks with knits spun from rayon and silk; for winter, in more technical mixes already developed for her menswear. Organza, cotton and cashmere have a techno padding as airy as candyfloss, while alpaca has a plastic glaze.

Not given to ornamentation, she uses instead fragile weaves with a geometric tracery that lets a contrast lining show through. It is as modernist as Prada's collection and, like Prada's, is decorative without being showy. Both confirm that Italian collections are adjusting quickly towards a cocooned, defensive millennial mood. "These are clothes you feel rather than see, the expression of private luxury."



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There is a real danger of
the new look being seen as
a mere fashion exercise, a
series of clever tricks. But
the designers are aware of
this and are working hard
to make their clothes
more than just a statement.
They are creating a new
language of fashion, one
that is both modern and
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How to Spend It



Propane gas portable patio heater (far left), £599, and aluminium fisherman's all-weather light, £89.95, both from The Traditional Garden Supply Company. Teak steamer chair (left), from La Maison Scotts. The little girl is wearing a brushed cotton shirt, £35, and Namibia hat, £24.50, from Le Prince Jardinier. Hand-made teak chaise-longue (above) £450, from Port of Call. Easy-to-put-up dining canopy - 10ft by 10ft by 7.5ft - in white and green (top), £274.95, from The Traditional Garden Supply Company

Mail order route to a rustic idyll

Lucia van der Post leafs through some status-raising garden catalogues

Gardening, as Karl Marx failed to observe, is the new opiate of the people. It may once have been a charming, stress-free hobby, something to keep the retired set out of trouble in their twilight years, but these days it is as ambitious an arena for establishing status as any designer handbag.

Just watch the scorn reserved for those who have an unfortunate penchant for pom-pom chrysanthemums, whose plant tags are... dear me... plastic instead of copper, whose swimming pool is a prominent feature instead of being screened by hedges, who hasn't heard, as Lord Charteris might have said, that it is "vulgar, vulgar, vulgar" to have floral nylon covers on plastic furniture.

Gardening books almost rival cookery ones for their soft porn, drool appeal to that even those who scarcely do serious battle with a trowel become quite worked up over the prospect of horticultural pleasure ahead.

Who, for instance, a few years back would have guessed that *Gardens Illustrated* would ever become a cult magazine, sought after by those who scarcely own a patio let alone a lawn?

Given the undoubted increasing sophistication of the gardening classes it is odd that on the mail order front there has been so little on offer apart from the seed catalogues and Busy Lizzies by the ton. Such an enticing gap in the market was obviously asking to be filled and recently there has been a small flurry of ambitious entrepreneurs rushing to do just that.

George Cooper was one of the first to see that there was room for somebody to sell the sort of things that strictly horticultural companies hadn't thought of. To this end, he launched The English Garden Collection. He wanted to do for the British garden what retailers such as Habitat or Jerry's Home Stores had done for the British home - that is, treat it as a source of

year-round pleasure and lavish it with tasteful accessories, all of which he would obligingly sell.

So those with patios or proper gardens could sit on a proper teak chair, or drink their chardonnay out of some sturdy Spanish glass while sprawling on a steamer chair. At night, they could light their patio with a Cooper light (his own design), and if the sun really does come out there are chic and tasteful canvas umbrellas to provide cover. For the serious gardener there are tools - hoes, rakes, spades and secateurs, that sort of thing - but it is with accessories that he really hopes to entice a new breed of shopper, somebody who is tantalised by the notion of the garden as an extra room and will spend a great deal trying to make it all "just so".

Nigel Swabey, the man who founded the Innovations catalogue and then sold it before buying Scotts of Stow, a mail order operation selling traditional kitchen wares to "older, tradi-

tional customers", has recently decided to expand his mail order empire. With La Maison Scotts (available from April 17) he hopes to reach younger buyers with a range of (very slightly) cooler, hipper products for the other rooms of the house. But by buying (and then expanding) The Traditional Garden Supply Company, he is aiming at the growing band of knowing and sophisticated garden-lovers.

Pam Beth, who runs the catalogue operation for him, says they believe there is a huge market for the things that are available in little individual shops all over the country but can only be tracked down by people with time on their hands. "We're there for those, like myself, who never seem to get a minute to go shopping. I'd love to browse round The Conran Shop and Ikea, track down the little boutiques in the King's Road and the Fulham Road but I don't get time

so I'd browse through something like one of our catalogues instead."

The new, expanded Traditional Garden Supply Company catalogue (available from May 2) will specifically home in on things for the outdoors - whether small urban patio or grand country garden. Along with brightly coloured French Jolie gardening boots and all manner of practical compost bins and garden sheds, it also veers off into less essential, more decorative areas.

Very niche market indeed is the impeccably plain teak garden furniture (and by now we don't need telling that when it comes to furnishing the garden only teak, wrought-iron or antique will do) designed by Mimi O'Connell, whose Walton Street shop, Port of Call, is a fine source of quality furniture and accessories from China, Vietnam and other eastern countries. She has produced some classic pieces - chairs, chaise-longues and tables - that would look admir-

bly at home in English gardens. A new company to me is Le Prince Jardinier, a wonderfully nostalgic evocation of tools and props from the days when hired hands did the real work while *la châteline* busied herself with the dead-heading of roses and inspections of the herbaceous borders.

Now that *châtelines* have to do more of the real work themselves, Prince Louis Albert de Broglie, from the enchanting grounds of his Château de la Bourdaisière, has started recreating artisan-made gardening tools and accessories from another age. Apart from the classic tools - the grafting knife and universal dibble of wood, brass and stainless steel - there is also a range of splendid thick cotton clothing so authentic that everybody can play at being a 19th century French gardener.

Great cotton smocks with wood buttons are modelled on the ones that French gardeners used to wear. Waistcoats come in jute or felt. And, to complete the

air of taking part in a pastoral idyll, everything comes packed in jute bags. Just as buying the cookery book makes one feel a little nearer to Marco Pierre White, so buying these tools will somehow make one feel a more refined, grander sort of gardener.

For a catalogue, either telephone or fax the numbers given below but, for those wanting to see the merchandise, Nina Campbell, 9 Walton Street, London SW3, always has a selection, as does Harrods of Knightsbridge, London SW7, and Jenny Blanc Designs, 59 High Street, Teddington, Middlesex TW11 8AZ.

■ *The English Garden Collection*, Couley Bridge Road, Exeter, EX4 5HQ. Tel: 0870 6060 304. ■ *Scotts of Stow*, Tel: 0990 449111. *La Maison Scotts*, Tel: 0870 600444.

■ *The Traditional Garden Supply Company*, Tel: 0870 600 3365. ■ *Port of Call*, 15 Walton Street, London SW3. Tel: 0171-589 4836. ■ *Le Prince Jardinier*, Château de la Bourdaisière, 37270 Montlouis-sur-Loire. Tel: (33) 02 47 50 89 34. Fax: (33) 02 47 45 03 32.

She was wearing the same suit as the last time I saw her, a flowing tunic jacket over a pencil skirt in lime green.

There was nothing wrong with the sweetheart neckline, the tailored shoulders, the floral silk scarf fastened on her right shoulder, or a hemline revealing a gazelle-like pair of legs, but donning it a second time was rather tedious for a woman whose ballroom-sized wardrobe once boasted 1,200 gowns, prompting a US congressman to remark: "Compared to Imelda, Marie Antoinette was a bag lady."

Fashion has been an inseparable companion of Imelda Romualdez Marcos throughout her many incarnations, from the humble beginnings as a provincial beauty queen (The Rose of Tacloban) to the heady couple of decades as an international icon and wife of a rich dictator.

Today, sitting regally beneath Pisarro and Michelangelo reproductions in her high-kitsch-to-Gauguin apartment in Manila, the former first lady expresses surprise that the *Financial Times* is here to talk fashion and not politics. After all, she is running for president. "You're not going to write about the shoes again, are you?" she sniffs. "That's such a bore."

But Marcos loves talking and it is not difficult to steer her on to fashion. Looking good began simply as a mark of respect, she explains. As a bewitchingly beautiful young girl in the impoverished western province of Leyte, she frequently found herself among local dignitaries greeting visiting VIPs. "For days before, I would fix up and iron my clothes, shine my shoes and arrange my hair. Then they would arrive with uncombed hair, faded dresses and unpolished shoes. They just didn't care. We thought: 'These people have no respect for

Fine feathered bird of Philippines

Justin Marozzi takes a peak inside the idiosyncratic wardrobe of Imelda Marcos

us', I told myself, if God blesses me with being a VIP, you can be sure I'll dress up for the poor who need a symbol and a given standard to look up to."

Once in Malacañang Palace, the presidential home, with her husband Ferdinand, she wasted little time in doing just that, plunging giddily into the world of haute couture, and travelling the globe in sumptuous creations by Christian Dior, Valentino and Balenciaga. Shoes, and there were many, came from Bally and Ferragamo while handbags from Gucci, Chanel and Louis Vuitton were favourites.

She was a bird of exquisite plumage. Even the famously elegant Queen Sirikit of Thailand was bowled over by her magnificence. "You are like a Greek goddess," she whispered. But the look Marcos was best known for was the classic Philippine *terno* or ballgown, intricately worked, sometimes flowing, sometimes tightly fitted, always with butterfly sleeves rising dramatically off the shoulders, part *Ster Trek*, part flamenco dancer. This she wore out of a sense of patriotic duty.

"We Filipinos had an identity crisis from our colonial past of more than 400 years. We didn't know whether we were Spanish, Americans, were Spanish or English. I loved Japanese or English. I loved the *terno* because it was a metaphorical phenomenon all along. 'Fashion is the manifestation of the



Imelda Marcos: 'The best design is as close to nature as can be... I was moulded in nature'

godly, the beautiful and the true in my spirit," she purrs. "In general, people see beauty as frivolity, but in the ideological sense beauty is discipline, harmony and art. God and love are made more real in what is beautiful. I am simply allergic to ugliness."

Who could doubt that it was a metaphysical phenomenon all along? "Fashion is the manifestation of the

physical about the slinky pair of electric yellow shoes with transparent plastic heels, a bold juxtaposition to the lime green ensemble. I venture a compliment on their retro-chic. She says she does not know which designer created them - a forgetfulness excusable in a woman who once had so

many pairs of shoes that the real tally has been lost in the mythology of the times and takes them off to have a look. They are Stuart Weitzman, a name which appears to mean as little to her as it does to me.

"Clothes should be a counterpoint that will enhance your personality," she enthuses. "The best design is as close to nature as can be. You see, I was moulded in nature. I came from the paradisiacal island of Leyte facing the Pacific Ocean, where your vision was infinity. If you come from that sort of environment, it is easy to be in harmony with yourself and nature."

"Have you ever seen a tree that has no harmony, no discipline, no art?"

A disciplined looking acacia tree forms the backdrop two days later for Marcos's presidential campaign visit to her mother's home-town of Baling, 40km north of Manila. On stage, in front of a mesmerised crowd of several thousand supporters, she is a looming 5ft 6in (Amazonian for a Filipina) vision of blanchange pink in a suit she herself designed based on a 1980s Valentino creation.

It is the accessories that reveal the heart of her approach to fashion. She is, above all, eclectic. Today, they range from a heart-shaped gold ring inset with a diamond of vast dimensions to a rhinestone dachshund brooch. She is equally *dans sa peau* wearing a \$1.50 Donald Duck brooch as she is flashing the goldmesh bracelet that once belonged to Napoleon's empress, Josephine, given to her by Ferdinand. As if to prove the point, she is wearing \$7 espadrilles.

Unless she is elected president on May 11, the days in Malacañang Palace will remain a memory. But the commitment to giving the poor (Marcos calls them her "little people") something to look up to is admirably unwavering. "I am a phoenix emerging from the ashes of persecution, more beautiful, more godly and more enlightened," she declares.

Her followers are no less enthusiastic in their sartorial response. One loyal group of devotees sports white T-shirts featuring a portrait of the great lady at her most alluring. "I need you. I need your love and care," reads the legend.

At 68, Marcos is still a striking and callipygous woman. And she is still in demand as an icon. She says

Harvey Nichols in London has approached her to lend her face - or her feet - to launch its new shoe section. "There's always space in your wardrobe for a new pair of shoes."

Naim Attallah

In the article "And the brand plays on", published in *How to Spend It* magazine on April 4, it was said that the resignation of the former chief executive of the Asprey group, Naim Attallah, followed that company's 1995 results. Mr Attallah in fact announced in May 1995 that he planned to retire in December that year when he was 65. We are glad to make it clear that his departure was not connected with the group's performance and apologise to Mr Attallah for any contrary impression given by the article.

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Gardening

A fragrant stalwart of spring

Our knowledge of daphne has come a long way in 60 years.
Robin Lane Fox looks at the progress of this handsome family

Gardening often seems a matter of slow progress. At the level of the micro-climate, the recent Easter allowed almost no progress at all. The wind was cold, the rain heavy and many of us encountered the surprising sight of spring-flowering viburnums covered in temporary snow.

At the level of macro-planning, gardening is often thought to be even slower. Almost every new style of planting can be traced to an earlier history. There is no coherent style for the coming millennium, except for the old ones which, in my view, is a mercy, not a mark of stagnation. The real change occurs where the impatient and the grand designers often miss it: at the level of plants, not features or fashions.

Over Easter, many daphnes have been extremely good. The earlier ones have lingered on in recent cold weather and the later have flowered early after the mild winter. What was the general view 60 years ago, I wondered, of this handsome family which suggests so

many of the small twists and turns, the basic embroidery of a personal garden?

I have been looking back at the views of the great columnists of the 1930s, none more expert than the late Clarence Elliott who wrote for the Times and whose book, *Rock Garden Plants*, is well worth revisiting.

But, writing in the 1930s, his judgments on daphnes surprised me. He has nothing to say about my favourite for ease and spring performance, *Daphne napolitana*, which is obliging, evergreen, about 18in in height and width and very free with its scented dusky pink flowers. Elliott still believes the admirable *Daphne odora* is only safe in a greenhouse.

Sixty years later, we grow the golden-leaved form all over the place and it is one of the basic notes in the symphony of any well-considered planting. This year, it has been magnificent in the benign early spring and, of course, it does not need a greenhouse or even a south wall in order to be at its best. I even toy with the idea of planting it in big groups, easily raised from cuttings, which would serve as a spec-

tacularly irresponsible sort of ground cover.

In the 1930s, my other evergreen mainstay, *Daphne retusa*, was still a recent arrival from China. Its merits were just being recognised, but nowadays it is one of the best very small evergreen shrubs for punctuating a lower planting of alpine or carpeting plants on a wall. It grows extremely slowly to an eventual height between 1ft and 2ft and is easy to grow in open, sunny soil. The lilac-pink flowers are deliciously scented and have already started to open a month early. Later, in September, we will probably have a second crop.

The most brilliant flat-growing daphne is the well-known *Cneorum*, which was also a recent arrival in the 1930s. Sometimes, it is unobliging, but it is now known to tolerate lime and the dark red *Eximia* variation is widely available and usually vigorous. It is worth noting that the great Clarence Elliott recommends planting a young *Cneorum* rather deeply so the stems are buried almost up to the lowest leaves. He also advises that plants grown in

pest will not transfer so readily to a different soil.

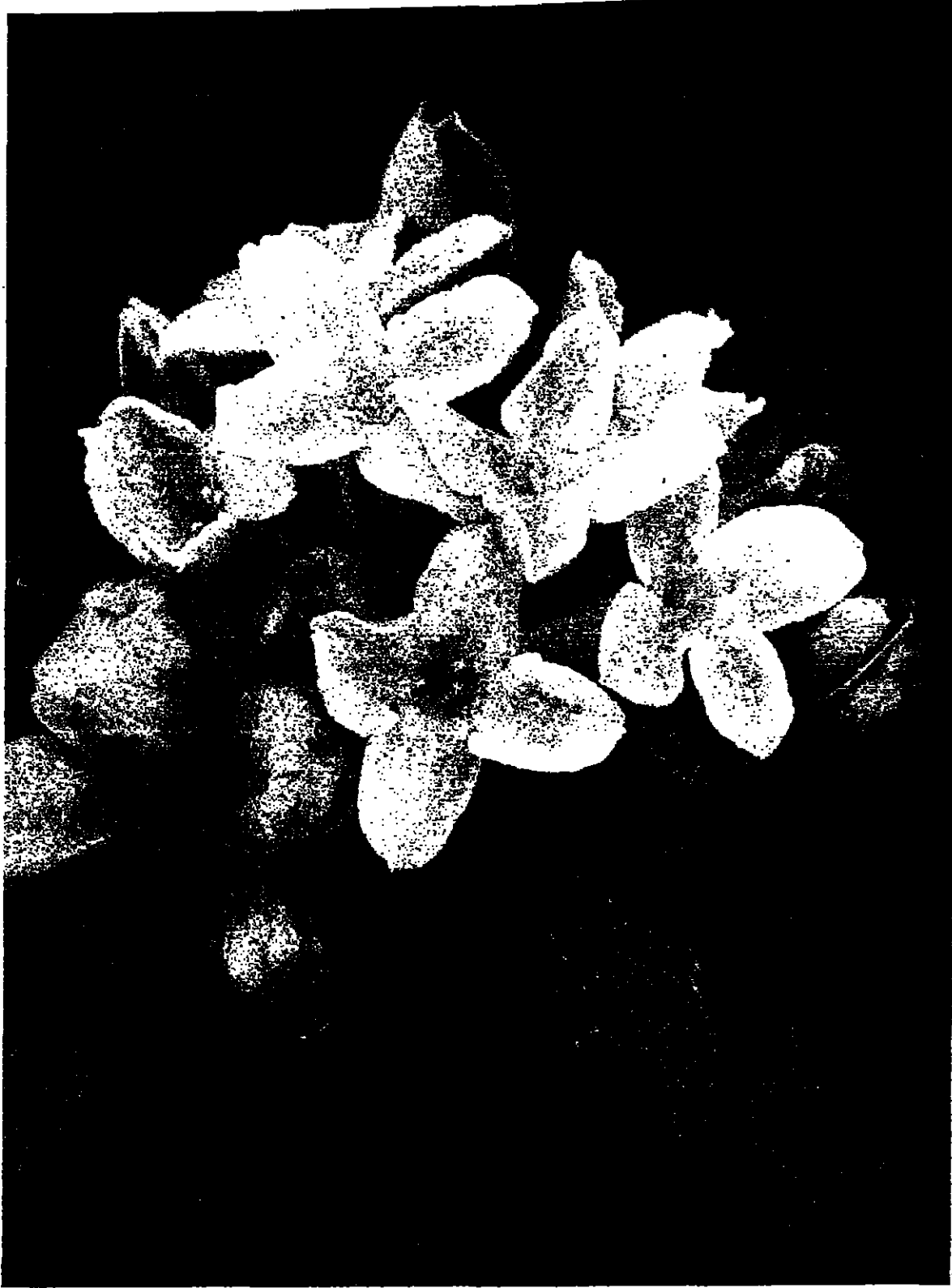
Daphnes are famous for resenting disturbance at the roots, but he is quite clear that we should all wash away the peat from a young daphne's roots before planting it in a soil which is different. These two bits of advice have become lost nowadays, and may well help us to persuade this wonderful plant to make a happy transition to our gardens.

So much has been written about old-fashioned gardens, vanishing garden plants and a general sense of loss in British gardening, that it is wonderful to read Elliott on the less common daphnes and realise that after a world war, several alumnus and huge interference with the countryside, we are actually growing and selling more daphnes than he knew and are able to buy varieties which he describes as confined to only one expert gardener.

He was of the generation which freely excavated plants from European mountains and brought them back to live or die in British gardens. This excavation was one of the only sources of the lovely *Daphne petraea* which is confined in nature to limestone cliffs above Lake Garda in northern Italy. Subtle variations like *Petraea grandiflora*, or a very rare white, were simply unavailable in the trade.

Nowadays, they can be bought from a few experts, especially the commercial centre of rare daphnes, Blackthorn Nursery, Kilmeston, Alresford, Hampshire. The nursery does not supply by mail order, but it is a centre of pilgrimage for people to whom Hampshire is less uphill and daunting than high cliffs in Italy.

One of my other favourites is the larger, evergreen Hungarian *Daphne arbuscula*. Blackthorn Nursery has some special named varieties of a plant which I have always treated with the greatest care. However, Elliott describes how he was



Daphne napolitana (above and left): obliging and very free with its dusky pink flowers

Garden Picture Library

given a forkful of this lovely shrub by a gardener at Eton who treated it with Etonian self-confidence and dug it up as if it had been a common privet.

Elliott imitated the Etonian manner and found that his lump of excavated *arbuscula* flourished as never before. Perhaps we should all be more high-handed with plants of supposedly awkward temperament.

I suspect that my other easy favourite, *Daphne col-*

lina, earned no mention in the 1930s because it was slightly too bushy to qualify as an alpine plant. In gardens, it is usually easy and I recommend it unreservedly. We now know that not everything in the daphne family is awkward. At this micro-level, progress is being made and this progress in turn allows us to paint and plan a different picture round different plants.

The most notoriously awkward of all daphnes is

Genkwa which, in the 1930s, was not believed to flourish in the open. Nowadays, three suppliers list it. Several gardeners now claim to have established plants of this upright, deciduous form with wreaths of pretty lilac flowers.

It continues to elude me, and I note with appropriate irony that in the 1930s, Elliott had seen a superb hedge of precisely this variety in the Brooklyn Botanic Gardens in New York, which I

visited and described last week.

I need hardly say that, 60 years on, I had no idea that this extraordinary treasure had existed within walking distance of my transatlantic route.

People knew more about it then; perhaps you will have the good fortune to relocate it on a visit of your own and verify that it flowers as an entire hedge in summer weather which is hot enough to ripen its wood.

Motoring

G-man's favourite sets its sights on Europe

Stuart Marshall on the return to UK showrooms of a luxury marque

Next year an all-new Lincoln LS luxury sports saloon will lock horns in Europe with premium-priced marques such as Audi, BMW, Mercedes-Benz and Jaguar. The only surprise is that it has taken Ford Motor Company - Lincoln is its prestige badge - so long to get in on the act.

Cadillac, a world-renowned luxury brand owned by General Motors, has sold in small numbers in Europe for years. Its latest Seville saloon (this column, February 21) will be in British showrooms with right-hand drive in a week or two, priced to undercut most of its obvious European-made rivals and, of course, the Lexus LS400.

Lincolns were the favoured transport of both

G-men and gangsters in the 1930s and US presidents have been faithful to the marque for more than half a century. They were last sold in Britain before the second world war. In the late 1930s the 4.4-litre V12 engine Lincoln Zephyr, a fastback saloon with a front end remarkably like that of a Ford V8 of that time, was fast, luxurious and, by comparison with any similar European product, extremely cheap.

Lincolns with coach-built bodies were favoured by popes, presidents and crowned heads. King George VI and Queen Elizabeth used a Lincoln V12 convertible as their official car on a state visit in 1939.

American cars were everyday transport in British colonies pre-war because they

were powerful, long-suffering and had soft suspension that coped well with dirt roads and gave a good ride. After the war American cars simply became too gross and this market was lost. The colonies were lost too.

The Lincoln LS that made its debut at New York auto show last week and will reach Europe next year is intended to be sold worldwide but reflects European premium-price car design philosophy. Engines will be all-aluminium, multi-valved V6s and V8s of between 3.0 litres and 3.9 litres. Transmissions will be a conventional 5-speed automatic and a dual-gate SelectShift. This is also an automatic but allows a driver to hold a selected gear right up to the red line on the rev counter, at which point a fuel cut-off

operates to prevent over-speeding.

The Cadillac Seville has front-wheel drive but the Lincoln LS is rear-wheel driven. Like the Cadillac, it has all-independent suspension, a traction control system which also stabilises the car on slippery corners and anti-lock disc brakes. No European buyer would look at a premium-priced car without these features.

The Lincoln's leather and wood-veneered interior has a European ambience and the overall styling looks mid-Atlantic in an agreeable kind of way. It is much too early to talk about pricing. But the Lincoln must be cheaper than Ford's poshest Jaguar brand. Prices may, I suspect, start not much above those of the Scorpio which was recently



In the UK next year, the Lincoln LS will compete with brands such as Audi, BMW and Jaguar as well as Lexus and the Cadillac Seville

knocked on the head. Initially, the Lincoln will be aimed at premium car-buyers in Britain and Germany but it will also be sold in Belgium, the Netherlands, Sweden and Switzerland. This proves two things.

First, the luxury company car is still alive and well in Britain despite the chancellor's best efforts. And second, Ford has belatedly realised that relatively expensive cars with the same name badge as a junior

sales rep's hatchback do not sell well in status-conscious markets like Britain.

It has not been Ford's problem alone. British sales of such worthy executive cars as the Renault Safrane and Vauxhall Omega failed

to match manufacturers' expectations though they did well enough in their home markets. Several years ago Fiat pulled out of the segment altogether and stopped importing its largest car, the Croma.

The cars have gone but the tools and spare parts remain. Gearboxes of unknown provenance sit like rusting sculptures in the garden. The potting shed is full of engines and tyres. The pantry is stacked with yellowing motor manuals. The cupboard under the stairs is a jumble of hub caps, dynamos, radiators

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Last rites for a lifetime at the wheel

Kieran Cooke watches the products of his late father's obsession go under the hammer

and steering wheels. My father, who died a year ago, started work as a mechanic with Triumph in Coventry in the 1920s. Cars became a lifelong obsession. He was part of a generation which believed throwing anything away was sinful. He even walked after the postman, picking up elastic bands.

Automobiles were collected, very rarely discarded. On one visit home, I counted 14 cars - whole, half-finished and gutted - squeezed into garages and littered about the garden.

When my mother moved to a smaller house, most had to go. First, there was the 1937 Frazer Nash cabriolet,

made by BMW in Germany but imported into Britain in the pre-war years under the famous British sports car name. A similar car, full of leather and polished woodwork, was, in the 1950s, our first family car.

I remember the smell of these seats and the gentle "plop, plop" of the engine. Years later, my father found a replacement car in a colonel's orchard in Salisbury and, at the time of his death, was half way through restoring it. The bulbous wings had been sandblasted and painted racing green. The headlamps, as big as searchlights, were mounted.

"There's not many of

them left," said the man from the classic car magazine. "It's a real gem; a motor for the enthusiast." There are few vintage car enthusiasts with swollen bank accounts. Most are poor, robbing the house-keeping to satisfy what can be a very expensive hobby.

To put the Frazer Nash on the road would have cost up to £20,000. The bill for the hood alone, a maze of rods, joints and canvas, could be as much as £3,000. Then there would be hours of patient work, plus days spent looking for elusive parts. The car, magnificent though it would undoubtedly be, had to be sold: eventually, a modest sum

was negotiated with a Frazer Nash aficionado.

Next, the 2½ litre Riley of early 1950s vintage was put on the block. I learned to

drive in that car. Turning corners was like handling lead; I have never become used to power steering. My father developed a

penchant for VW Beetles. He admired their simplicity and sense. At one stage he accumulated eight of them. Four were used for spares, the rest rebuilt but never sold.

There was also a VW caravette, found semi-derelict half-way up a mountain in Italy, brought back and rebuilt, complete with home-crafted internal fittings. After a long Sunday lunch, my father would often bed down for a sleep in the back of it. Left unmoved and unattended for a year, the VWs had started to decline. All were sold at a knock-down price.

I had a 1934 Austin Seven, bought for £15 from a vicar in Suffolk more than 30

years ago. Ever since, it had rested quietly in a hen house at the bottom of the garden. Mice regularly made their homes in its seats. One year, a thrush nested under the dashboard. Now the Austin had no home to go to: it was sold for £1,000.

Remnants of other cars which raced across the years are still about, along with a collection of tools accumulated over more than 80 years. There is the steering wheel from a Jaguar XK150, an ex-Le Mans pace car with acceleration that made my eyeballs quiver. It met its end at a country cross roads one icy night.

When the family fortunes were favourable, my father

bought a black and silver S-type Bentley. It purred its way across the Alps and round Spain. It squeezed its way down Irish boreens. The Bentley's boot was as big as a smoker's table. My mother drove it through a hedge. It was sold. A number plate is all that remains.

My father was ill at ease with modern motors. He could not understand micro-chips and a world in which neighbourhood garages had been supplanted by car surgeries. A gearbox on a 1985 Lagonda or the camshaft of a Riley Pathfinder were straightforward. But the light switch on a modern Ford would mystify him.

At his funeral, my seven-year-old whispered something to the priest. There was a clunk as the model car hit the top of the coffin. No better way for an old mechanic to go.

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PROPERTY

The idea that rhododendron gardens are full of dull gloomy evergreens should be dispelled. If you select carefully, you can find rhododendrons that flower from November to August. What other genus can offer that?

Even when not in flower, many have incredibly beautiful felted leaves, or new foliage of shining bronze or aromatic, almost herb-like leaves. The autumn colour of the deciduous varieties can be as stunning as any maple.

I do not grow rhododendrons, nor breed them and I have never seen them growing in their native habitat, but for the past seven years I have been living and breathing them at Exbury Gardens in the New Forest, in southern England.

Exbury Gardens has long been known for its massive collection of rhododendrons and for the hybridising carried out by its creator, the late Lionel de Rothschild. He began to make the garden in 1919 and rapidly became a key figure in the Rhododendron Society, in essence an exclusive dining club for gentlemen gardeners; its *raison d'être* was to be a forum for showing off the new rhododendrons that were being raised from seed collected in China and the Himalaya.

Of equal, if not greater concern, however, was the raising of hybrids – and here de Rothschild came into his own. Members of the society propagated a multitude of plants which spread – first as gifts and later through the nursery trade – to gardens throughout the temperate world. From Exbury, Lady Chamberlain, General Sir John de Cane, Naomi and Marlow are to be found in rhododendron gardens throughout Britain, Australia, New Zealand and North America.

Times have changed. The fashion for "serious" collectors of rhododendrons today is the species. It is an enormous genus (and includes azaleas), well over 600 species in all; their taxonomy and naming is constantly subject to refinement and review by botanists working at the Royal Botanic Gardens, Edinburgh.

The diversity of form is stunning, ranging from slender tropical *Vireya* rhododendrons from south-east



Rhododendron Chionura in full flower at Exbury Gardens

Rich vaults of plant life

Keeping track of a collection of rhododendrons has kept Beverley Lear well occupied

Asia to species such as *Rhododendron arboreum*, hardy in the British Isles and which at Exbury can be found as trees of 20ft or more, to the dwarf alpine rhododendrons from the high Himalaya – which, in the smallest garden, may be grown as rockery plants or even in tubs if the essential acid soil is lacking.

Having been commissioned to catalogue and verify the names of about 20,000 rhododendrons at Exbury, it was not the identification of the original species that we found difficult. The problem lies in the fact that the recording of the features which distinguish one hybrid from another has been a poorly developed art. Taking our cue from the botanists, we have developed a recording system that details

both botanical and horticultural features.

Amazingly obvious things like the colour of the flower would not be of great importance to botanists nor would they have very much information about the way a plant grows, the way it holds its branches, the colour of its new leaves, or the time of flowering. These and many other features are now recorded for many of the Exbury hybrids, enabling us to match present-day plants to their long-lost identities.

Just like people, some rhododendrons are unmistakably of a certain time and place. (Indeed, one has been named after me – am I really pink and flamboyant?) I can often spot an Exbury hybrid at a metaphorical mile: certain aesthetic qualities distinguish Exbury's offerings

from those of other contemporary gardens such as Bodnant, in north Wales, and Caerhays Castle in Cornwall.

What it comes down to is that the rhododendrons in our gardens reflect a social history – who knew whom and swapped with whom.

Nowadays, the rhododendrons for sale in garden centres are more likely to be hybrids than species, many of them specially bred for smaller gardens and given names such as Golden Torch, Snow White, Happy Occasion or – no doubt – variations on the Diana theme.

And while I am deeply flattered that some poor unsuspecting plant has been called Beverley Lear, I appreciate that the name is not going to be a great sales pitch. When Lionel de Rothschild named

his best hybrids after his family and friends, their saleability was not uppermost in his mind.

Fortunately, Lionel's interest in rhododendron breeding has been continued by his sons and grandsons. Exbury hybrids, whatever they are named, will continue to provide horticultural delights for gardeners around the world. But perhaps more important, Exbury and other gardens made by Lionel's circle of friends in the 1920s and 1930s are also increasingly regarded as a biodiversity resource with the potential to re-stock with original species the now depleted natural environments from whence they came.

Thank goodness these rich men gardened with such enthusiasm, and kept records of bankers' quality into the bargain.

The Rhododendron Story: 200 Years of Plant Hunting and Garden Cultivation (edited by Cynthia Poston, Royal Horticultural Society, £15 paperback) is a fascinating collection of essays giving a resume of the history of rhododendrons from many perspectives. The lives of plant hunters, nurserymen, botanists and garden-makers provide a social history of rhododendron cultivation. An accessible, interesting and well-informed read. B.L.

Exbury Gardens on the east bank of the Beaulieu River in the New Forest is open from March 1 to November 1. Its 200 acres of landscaped woodland gardens contain rhododendrons, azaleas, magnolias and camellias. Entry £3.30. Tel: 01703-891203.

Leonardslee Gardens, Lower Beeding, Nr Horsham, West Sussex, is run by Robin Loder, whose great-grandfather, Sir Edmund Loder, acquired it from his in-laws in 1880. Among the rhododendrons bred at Leonardslee is *Rhododendron Loderi*, fragrant and "magnificent" in a large garden. Open from April 1 to October 31, its 240 acres also contain rhododendrons, magnolias, azaleas and camellias. May (when the garden stays open until 8pm) is the peak month for these; in the autumn other trees are at their best. Entry £3.50 (£4.50 in May). Tel: 01403-891212.

On the Move / Gerald Cadogan

A helping hand with leaseholds

Any residents' association of a block of flats may benefit from joining the Federation of Private Residents' Associations, a non-profit-making, voluntary body, founded in the early 1970s when many flats were changing from standard lets to leasehold.

It exists solely to help RAs. The size of the block is not an issue. Whether it is a large, purpose-built block, or a London house conversion with the usual small number of flats, the FPRA is waiting to help.

By now, with more than 1,000 members (meaning more than 1,000 buildings) mainly in London and south-east England, it has seen all the problems. The most frequent queries are about service charges and managing agents, followed by leasehold, and insurance commission (a nice little earner for landlords).

The FPRA also knows the human qualities essential to make an RA work. "People must be prepared to put in time and take responsibility," says secretary Anna O'Connor, a solicitor. But often, she finds, "people complain about the landlord until they get the block. Then they complain about each other."

The FPRA offers its members advice at no extra charge and can call in expert consultants, again acting for free. "We don't do the work for members," says O'Connor, "but we will point them in the right direction."

It also publishes an Information Pack (£10) and a Guide to Running a Block of Leasehold Flats (also £10), plus a quarterly newsletter.

Chairman Muriel Guest-Smith, who is retired from the Inland Revenue, has plenty of first-hand experience. She was "a prime mover", she says, in buying



A significant work of British design history: Sheringham Hall

the freehold of her block in 1993, and since then has been responsible for its day-to-day management.

The FPRA is at 82 Bayswater Road, London W2 3PS (0171-402 1581). The annual subscription for blocks that own their freehold is £25. For unfranchised leasehold blocks (which need more work) there is an entrance fee of £25, plus annual subscriptions ranging from £25 to £175 for larger blocks.

Also helpful for leaseholders are *The Cost of Buying Your Freehold* or *Extending Your Lease* by Timothy Curran (£25 from Leasehold Enfranchisement, 0171-821 8820), which collects the decisions and computations of the Leasehold Valuation Tribunals (LVTs) from 1994 until September 1997, and five free booklets from the Department of the Environment, Transport and the Regions (0870 1236236).

Stately progress
In East Anglia, two stately homes have come to market, one nearly twice the price of the other. The more expensive is Little Haugh Hall, near Bury St Edmunds in Suffolk, listed grade II*.

It dates mostly from the early 18th century and has excellent plasterwork and panelling. In the domed cell-

ing of the stairwell, Francis Hayman painted "Fame crowning Science" in 1728-30, which cost £25 and six shillings, according to the account book now in the Bodleian Library.

Today, the house with 53 acres, outbuildings, walled gardens and parkland, is available for offers over £1.4m through Strutt & Parker (01473-214811).

Sheringham Hall in north Norfolk is a restrained classical house of 1812-17 by Humphry Repton, who designed it and the surrounding park. He writes about Sheringham in his famous Red Book, and called it his "most favourite work".

The property now belongs to the National Trust, which opens the park with its impressive mature trees all year round. In May and June the rhododendrons and azaleas will be spectacular.

The house is for sale on a long lease, with up to 80 years to run and a ground rent of £270, but there is no chance to enfranchise, as it is NT property. It offers 13 bedrooms as well as the outbuildings and six acres of garden, including a one-acre walled garden.

The price to live in a significant work of British design history is £795,000 through Bedfords (01238-730500) or FPD Savills (01603-232229).

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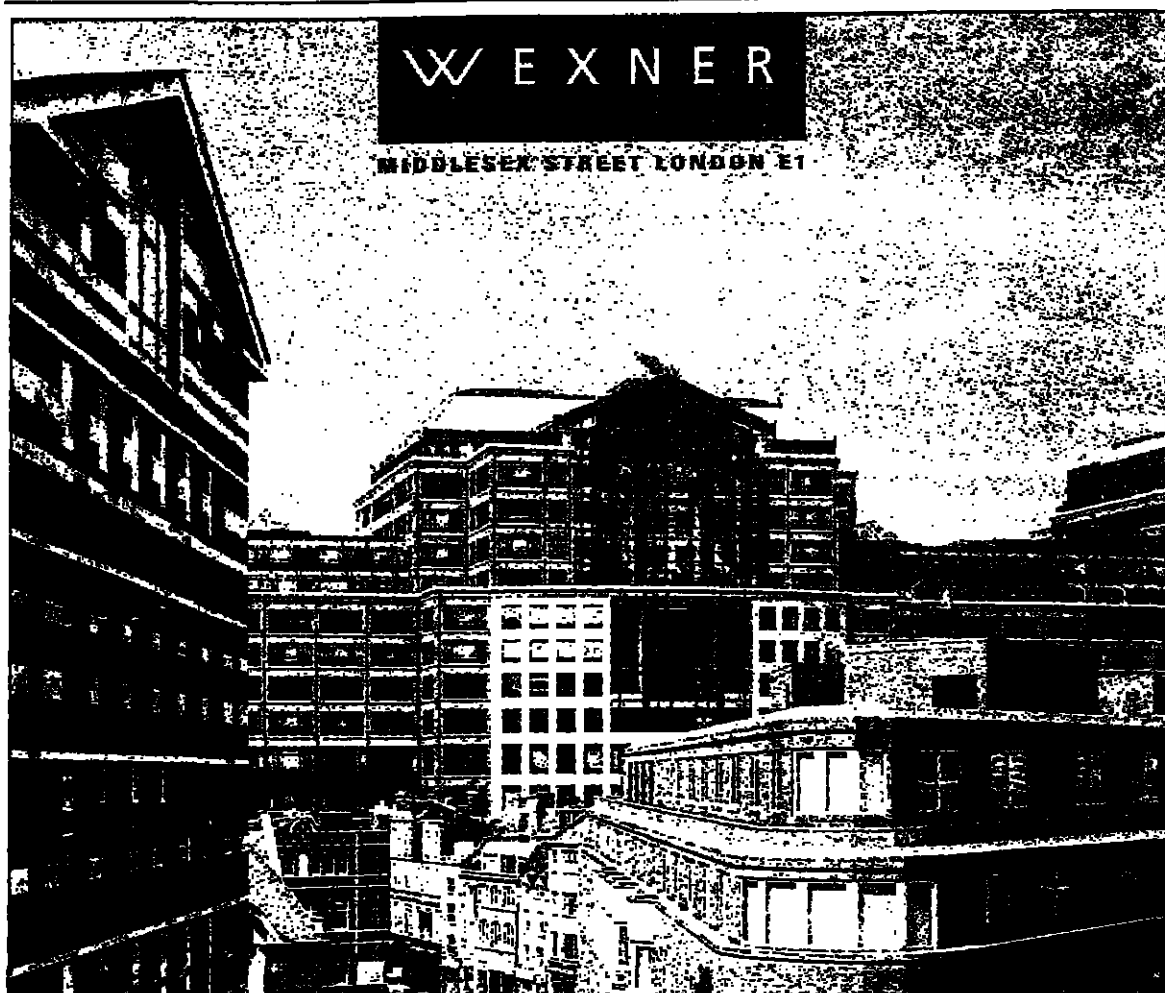
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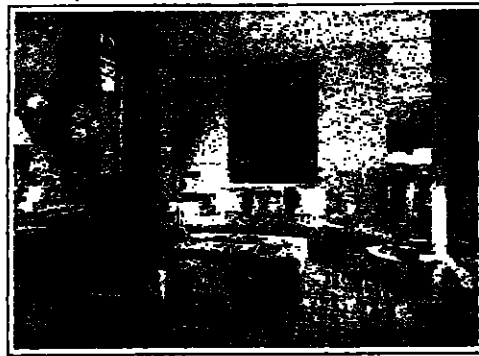
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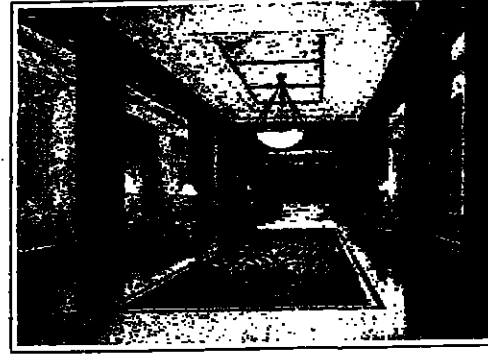
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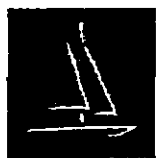
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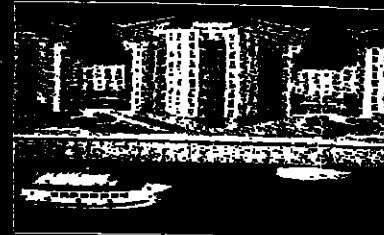
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PROPERTY

The market spins towards deadlock

As the house-hunting season moves into full stride, Anne Spackman looks at why there appears to be a shortage of good homes for sale

Shortage is the word most commonly heard on estate agents' lips today. Although supply in London and the English home counties has improved slightly this year, demand continues to be strong. As the spring market opens, buyer numbers are at their height, but properties for sale are still thin on the ground.

The market has spun itself into a vicious circle, whereby owners keen to move will not put their own home on the market because they cannot find anywhere to buy. It would seem the only way to break the deadlock is to organise a national Sell-Your-Home-Weekend, in which all those would-be sellers go to the market at the same time.

The picture does vary across the country. Supply appears to be lowest in those regions beyond the south-east commuter belt. In the latest monthly report from the Royal Institution of Chartered Surveyors, estate agents in Birmingham, Lincoln, Sheffield and much of south-west England predict that prices will rise this summer as buyers compete for the few properties available. James Green of Stags in Somerset says his register of properties is "at its lowest level ever".

Further north, the market is more balanced, with demand only outstripping supply in the best residential areas. Given that central London experienced its first shortages of prime property in 1993, it would appear to confirm that the traditional market ripple now flows far

more slowly across the UK. In the prime country market in the south of England, what were once considered shortages are fast becoming the norm. There have been no large increases in numbers of properties for sale since the market came out of recession in 1993.

Humberts' country house department says its list of instructions is one-third the size of the list five years ago. Although Hamptons International has seen its number of instructions rise in the home counties this spring, that is in comparison with last year's all-time low.

'Shortages – or a perception of a shortage – of quality property will be the norm'

What is more, those properties which do come on to the market sell very quickly. Humberts' average is two months from marketing to exchange of contract, compared with six months in 1993. Black Horse Agencies says one in three properties in the whole of the UK sells in less than three weeks. This means agents might end up selling the same number of properties in a year, but they have far fewer on their books at any one time, which increases the perception of shortages.

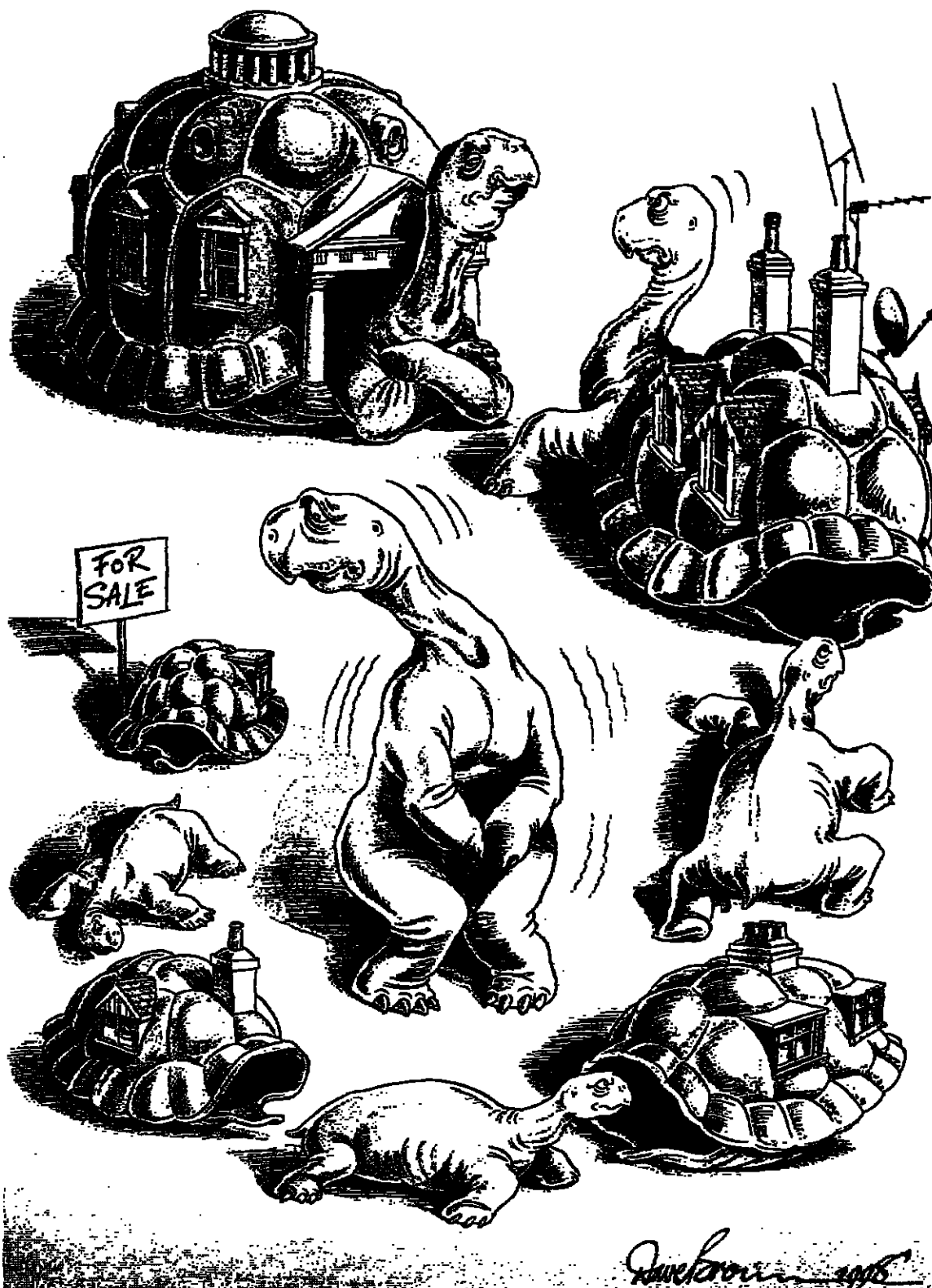
At the same time, the number of potential buyers keeps on rising everywhere outside London. Bidwells in Cambridge registered 300 buyers in February – double the numbers in the February of the last two years – and those months were themselves very buoyant.

Agents such as Knight Frank report ever-increasing competition for the very best houses. "There has been such a surge of wealth in the UK over a number of years that there is an abnormal number of people in the market," says Patrick Ramsey, head of country houses. "I feel there is a massive wall of money in this country and around the world, which is searching for a home."

At that top end, the supply is finite. With very little land and very little will to build new mansions, all the available money is channelled into the limited supply of good period homes within striking distance of London and Heathrow airport.

The inevitable result is that prices for the very best houses continue to rise, leading to spectacular sales. Stour House, on the Suffolk border, sold for considerably more than its £1m asking price earlier this year.

Such headline sales encourage owners of less attractive properties to believe wrongly that the value of their own home has doubled. What little increase in supply there has been this spring has often been at prices buyers are unwilling to pay. This is one of the more surprising aspects of today's market. Despite the lack of supply and the high amounts of equity, buyers



are more cautious about paying high prices for anything but the very best houses.

Agents across the country point out that houses with flaws will not sell unless priced "realistically" – the

estate agents' terminology for cheaply. This is a clear sign that today's shortages

are not a result of rising numbers of UK households putting pressure on the supply of homes. If they were,

that pressure would be felt at all levels of the market.

Buyers are particularly cautious in London. It may be they feel that after last year's huge price rises the market has reached its peak.

There is increasing evidence to suggest this is true.

In the north London market around Hampstead, Glenree Estates says prices peaked last August, but have dropped back a fraction.

"Currently, prices are higher than at any time apart from the period from spring through to summer last year," says Glenree's Trevor Abrahams.

Hamptons International's quarterly market report on the first three months of 1998 also shows some price falls. Two-bedroom flats have dropped 1.2 per cent, while large family houses continue to rise in value.

Buyers' caution has been underlined by valuations, which are increasingly coming in below offer prices. When this happens, buyers will usually pull out of the sale – and they may take their own house off the market, too, until they can find a suitable replacement. The result, says Robin Paterson of Hamptons, is that fall-through rates have gone up to around 35 per cent.

The number of houses being sold in the UK has remained relatively low throughout the 1990s. Monthly transaction figures from the government show sales running at around 1.4m a year, compared with a peak of 2.1m at the end of the 1980s and an average of around 1.7m during the 1980s.

Yolande Barnes, of FPD-Savills' research department, expects low transaction levels to continue. One reason, she believes, is the age of the home-owning population. Younger buyers, who traditionally moved most often, are buying later and renting for longer. The baby-boomers are also at the age where school and family life make moving very difficult.

Barnes sees the widening gap between the best and the rest as indicative of more than just an increase in wealth. She believes house-builders in general have failed to produce the kind of properties people want.

"What we are beginning to see is the impact of the huge mismatch between people's aspirations and the inadequacy of the housing stock," she says. "Many builders are still putting up the same tired old boxes."

She predicts that the south-east pattern of heavy competition for the best properties and less interest in the rest, will spread across the country. "Shortages – or a perception of a shortage – of quality property will be the norm."

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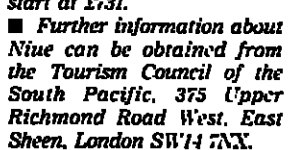
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Nick Haslam misses the initiation ceremony in tiny Niue to honour the Sabbath

DAYS

different faiths competing for the souls of Niueans and from every village rose the sound of hymn singing. Islanders, clad in their Sunday best and holding Bibles, meandered slowly along the roads and paths. But I, following a chance meeting at a bar the night before, found myself careering at a very un-Godly speed to the windward side of Niue in the company of Steve, a New

Antony Thorncroft enthuses over a visit to Salamanca

■ **Antony Thorncroft** travelled to Spain with TravelScene (0181-427 8800) on Iberia Airlines. He stayed one night at the **Emperador Hotel** in Madrid and two nights at the **Melia Horus Hotel** in Salamanca. Prices for a three-night package start from £208 a person, and include flights, car rental, and bed and breakfast accommodation.

¹ Laurenceat of TMS 9, ² supplement of PTM00 in July/August, ³ supplement of FV 25 in Holiday Inn Hotel and ⁴ supplement of FT 450 in July and August at Holiday Inn Resort New Port St. Elizabeth, ⁵ opening report, ⁶ supplement of LIT 157/2008. *Money in Irish are excluded from the Anastaive collection.

To take adults and two children aged 12 and under sharing their parents' home are entitled to free breakfast; at the majority of hotels children also get free from the kids' menu during lunch and dinner when dining with their parents. Items are valid at participating Holiday Hospitality hotels on Fridays, Saturdays and Sundays, from 1 March to 3 September 2009. Some offers may also apply mid-week. Bookings are subject to the availability of rooms allocated to the offer. Rates are payable in local currency. The dollar price indicates the approximate equivalent given by the bank used for the calculation. All prices include VAT and service charges. The offer is available until the end of the promotion period. The offer is subject to change without notice and may vary by time, full meals and conditions for each of the participating hotels. The Anastaive Collection is available upon request, on the following website: www.anastavicecollection.com.

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TRAVEL

The men who did not march away

Kieran Cooke is deeply moved by a journey through the first world war battlefields of Flanders

Terry Middleton stands by the small white tombstone of Sapper John McCreesh, his grandfather and one of the hundreds of thousands of soldiers killed in the first world war.

"I'm not sad to find my grandad lying here - just very proud. He did not have much of a chance in life but he died doing what he wanted to do and is buried alongside his pals."

A tour of first world war battlefields is a mixture of the deeply moving, the macabre and the surreal. We are in Flanders. Cemeteries mark the mud-filled carnage of 1914-18. From a distance, the tombstones are like sea-gulls on a newly ploughed field.

The grim roll of battle dead - what Siegfried Sassoon called "the endlessly endless names" - is swallowed up in the eerie mists of the flat plains.

The story of Sapper John McCreesh gives poignancy to it all. McCreesh was born in 1877 near Crossmaglen in County Armagh. "He had only one eye, was puny and illiterate. His mother died and his father's new wife banished the young boy to the farm outhouse."

In his teens, McCreesh ran away to England, eventually finding work as a miner in County Durham. When war broke out, he tried to enlist but was turned down because of his weak physique and his age. Eventually, he managed to join the Royal Engineers and was immediately put to work tunnelling under German lines.

"It was a hell of a job," says Middleton. "The Germans would be tunnelling as well and always listening out, so there couldn't be any noise. Sappers would lie on their backs for hours after hour, working a pointed shovel at the clay with their feet."

McCreesh dug tunnels for three years. As the war was drawing to a close, he was killed by a German shell.

The first world war has a peculiar fascination. Some in our group, like Middleton,

had their interest ignited by research into family history. Others, such as a colonel who lost an arm in Northern Ireland in the early 1970s, wondered how men went on fighting in such terrifying circumstances. A retired couple from Australia kept shaking their heads in disbelief.

A casino operator from Atlantic City felt there was hope for the future after hearing a group of British schoolchildren reading poems at the Thiepval memorial on the Somme, where 73,000 are listed as missing in action. Many people return every year.

"It's a Long Way to Tipperary" and "Pack up Your Troubles" were played as we travelled from battlefield to battlefield. Standing in the cemetery at Tyne Cot, the largest Commonwealth graveyard in the world, it is hard to imagine any general contemplating waging a battle over such muddy, hopeless terrain. Nearly 12,000 of those killed in the battle of Passchendaele are buried at Tyne Cot, plus another

the three B's - billet, bath and brothel."

Everything on a battlefield tour is run with military precision. Reveille is at 0700 hours, cases loaded on the bus by 0815. Lunch is an hour, not a minute longer. After some initial grumblings in the ranks, people fell in with arrangements. There is something comfortable about structure. A great amount was packed into a three-day trip.

Flanders is flat and forbidding. Standing in the cemetery at Tyne Cot, the largest Commonwealth graveyard in the world, it is hard to imagine any general contemplating waging a battle over such muddy, hopeless terrain. Nearly 12,000 of those killed in the battle of Passchendaele are buried at Tyne Cot, plus another

"And Wilf, a 98-year-old, recalled how he had been issued with a bicycle for carrying messages. 'Bloody useless in all that mud but it came in handy for getting back to town fast to organise

the three B's - billet, bath and brothel."

McCreesh dug tunnels for three years. As the war was drawing to a close, he was killed by a German shell.



Sapper John McCreesh (seated left) was one of the hundreds of thousands of soldiers killed in the first world war

35,000 listed on its walls as missing in action.

Picardy, scene of the battle of the Somme, is undulating, high-skied and hauntingly beautiful. There, whole battalions were virtually wiped

Early on a misty day we went to one of the German cemeteries

in a single day's fighting. In hours, thousands of troops were scythed down.

As we stood on the battlefield the sun shone as it had on that fateful morning in the summer of 1916. Birds

chirped in a clear sky. "The skylarks were singing as they flew heavenwards," said Sassoon. "And unknown to them thousands of our soldiers were on their way there, too."

The first world war still holds its mysteries. Germany lost at least 1m troops. Early on a misty morning we went to the German cemetery at Langemark in Flanders, where more than 40,000 are buried. Most were in their late teens. They had appeared out of the fog with linked arms, singing - pathetically easy fodder for the British guns.

There are monuments to the thousands of Australians, New Zealanders and Canadians who died in the war, often in the thick of the most savage of battles, but there are few who remember

the other soldiers of empire who found themselves dying in foreign fields - the Sikhs, the Burmese, the West Indians, the Senegalese and the Chinese, who fought with the French.

Ireland has never acknowledged the many thousands of its countrymen who died in France. But Terry Middleton honours his Irish grandfather, the skinny, one-eyed miner who battled so hard to go to France to fight and to die.

Kieran Cooke travelled with *Holts Tours, Golden Key Building, 15 Market St, Sandwich, Kent CT13 9DA. Tel: 01304-612248. Fax 01304-614930. A three-day trip to Flanders costs from £229 per person, including three-star hotel accommodation, half-board, museum entrance fees and guiding costs.*

update...update

TIME TO TURN TURTLE

Guests at the Hidden Harbor motel in the Florida Keys may find themselves with an unexpected privilege: feeding sick turtles.

The motel's owner, Richie Moretti, retired young and wealthy from his business as a Volkswagen mechanic in Orlando, and bought the land as a mooring for his launch.

He soon became aware of the fragile ecology of the Keys, the string of islands stretching south from the Everglades nearly to Cuba, and of the mixed blessings of tourism. Sea turtles, in particular, were having trouble, sometimes needing flippers amputated after tangling with fishing lines.

Worse, turtles around the world have recently been appearing with grotesque tumours, which may prove fatal by leaving them unable to see or excrete. Intrigued, Moretti kept the motel open, bought the strip joint next door, and turned it into a turtle hospital - and himself into a turtle expert.

Research has shown that the tumours are infectious, and caused by a herpes-like virus. Moretti suspects a link with warming of the oceans, as well as with water pollution. If turtles can be saved by surgery, they are. They are then kept in a tank until ready for release in the sea.

The Hidden Harbor Motel (+1 305 743 5376) is at Marathon, halfway down the Keys. Rooms from \$65.

COLUMBIA CELEBRATES

Columbia is California's best-preserved town from the days of the gold rush - and like many of its neighbours, the state itself, it is about to celebrate its 150th anniversary.

California's first gold strike came in early 1848. Mexicans found gold in Columbia, north of Sonora. In 1850, by 1852, it had a population of 5,000. By 1870, \$90m in gold had been mined and the town was deserted, until it was made a state historic park in 1949 and brought back to life.

And so Californians will be celebrating their sesquicentennial until September 2000, 150 years after statehood was achieved, (with gold as the official state mineral), with almost 400 events on the calendar.

Among them, Oakland Museum will host the biggest ever exhibition on the Gold Rush, from September 19, it will move to LA and Sacramento.

A gold rush race will commemorate the arrival of prospectors from all over the world, with tall ships calling at San Francisco, Long Beach and San Diego. There will be living history re-enactments at Sutter's Fort in Sacramento, Auburn

and Johnsville, and parades in Paradise commemorating the discovery of a 54lb nugget (April 23-28).

And in the Marshall Gold Discovery State Historic Park in Colome - named after James Marshall, whose strike there started it all more than 18 centuries will compete in the world gold panning championships in October.

For those who want to prospect on their own, Highway 49 runs along what was once gold territory, where towns with names like Rough and Ready, Panamint and Copperopolis sprang up and faded away. They could invest \$5 in Ghost Town Atlas, (Box 288, 435 N Roop St, Susanville CA 96150), listing abandoned mines and lost mines by the score. Details from the California Division of Tourism, Box 1439, Sacramento CA 95812-1499.

GETTY THERE: Reserving a parking spot at Los Angeles' new Getty Museum can take months. But if you're staying in Long Beach, 35 miles away, a special Getty Express bus will take you there for the day, for just \$2 return. Details: +1 562 591 8753.

GROOM ROOMS: Fancy marrying in England? The English Tourist Board (+44 0181-563 3351) suggests some venues: Brighton Palace Pier, London Zoo, football and cricket ground Old Trafford (for match of the day), the captain's cabin on the 1860 HMS Warrior in Portsmouth, Roman baths at Bath, and - for the bride train - the National Railway Museum in York.

REAL CYPRIOT: Instead of staying in a high-rise Cypriot hotel, you could try a traditional village home: 27 of them, many of historical interest, are available to visitors, with all mod cons and furnished kitchens. The Cyprus Tourism Organisation on 0171-734 9822 will send you an Agrotourism Traditional Homes brochure.

VIENNA FOR A TENOR: See Placido Domingo in the leading role in Meyerbeer's *Le Prophete* in Vienna, in May and June, with JMB Travel (01905-425628): two nights in a three-star hotel near the opera house from £619.

NEW ENGLAND combines with Canada's Atlantic coast on a two-week Travelpack coach tour, from £1,396: call 0990-747101.

ORANG-UTAN orphanage is visited on a 14-day wildlife tour/beach holiday with Magic of the Orient: 01293-537700.

RISE ABOVE Beaune, France, in a tethered balloon; FR60. Call Air Escargot: +33 395 87 12 30.

John Westbrooke

Lessons in African history

Christopher McCooley learns about the battles fought throughout KwaZulu-Natal



The modern face of a land with a turbulent history

The green and pleasant hills of northern KwaZulu-Natal may look peaceful today but more blood has been spilt, more battles fought here than anywhere else in southern Africa.

There are numerous museums and memorials to the men and women who fought and died for what they believed. Visitors may still want to see white rhino and surf off Durban's beaches, but more people are being attracted to the area by its turbulent, bloody past.

KwaZulu-Natal is being promoted as "the crossroads of South African history" and "the land of battles". There, the Prince Imperial of France was killed, thus ending the Napoleonic line; Mahatma Gandhi was a stretcher bearer for the British; Winston Churchill was a war correspondent captured by the Boers; and Jan Smuts was schooled in the art of war.

Natal was given its name by Vasco da Gama, the Portuguese navigator who discovered the natural harbour, which is now Durban, on Christmas day 1487. For the next three centuries, little exploration was done in the region and Natal was left to its native people who grew crops, reared cattle and hunted the abundant game.

The 19th century saw sharp change. Shaka was the man credited with forging a disparate collection of tribes

into the mighty Zulu nation. By the time he died, murdered by his half-brothers Dingane and Mhlangana in 1828, Shaka was already worried about the incursions of the white men into his nation's territory. Dingane became king of the Zulus and when the Boers, on their Great Trek, came across the Drakensberg mountains to escape British rule, the scene was set for confrontation.

At first Dingane made out

Near Estcourt is a memorial to those killed in the Bloukrans Massacre

that he would allow the trekkers to settle in Natal so long as they did not cross the Tugela River into Zulu land. A deputation of Boers, 67 men and three youths including the 14-year-old son of the leader, Piet Retief, went to Dingane's kraal, near present-day Ulundi, to negotiate terms in February 1838.

They were entertained and made welcome but Dingane then ordered that they be taken to a nearby hill, Kwa-Matiwana, and executed. More killings followed. Near Estcourt is a memorial

to 41 men, 56 women and 185 children who were killed in what came to be known as the Bloukrans Massacre or The Great Murder.

Retribution and revenge came over the next few months and it culminated in the battle of Blood River, east of present-day Dundee. The Voortrekkers held a strong defensive position, a *laager* protected by a river and a deep gully. They also had superior fire power - rifles as opposed to assegai - and so the Zulus were beaten. An estimated 3,000 died, with Voortrekker casualties put at three wounded.

However Natala, as the trekkers called their new country, did not last long. Already the British were establishing themselves on the coast. In 1845, the Boers packed their belongings into ox carts once again and trekked farther into the interior to establish the Orange Free State and Transvaal.

Next to clash with the Zulus were the British, who, once diamonds and gold were discovered, thought southern Africa needed a new infrastructure to exploit the economic potential. A confederation seemed the answer. The quickest way to implement it would be to break the power of the Zulus, the strongest of the independent black groups whose existence encouraged resistance elsewhere.

The British army crossed the Tugela. The plan was to march on the capital and teach the Zulus a lesson. At Isandlwana a force of 25,000 Zulus attacked a column of 87 officers and 1,707 men. Of those, 55 officers and 1,276 men were killed.

Next day, a British army outpost on the Tugela at Rorke's Drift was attacked. There were 104 officers and men and 35 others in the sick bay. The Zulu force consisted of 4,000 but, in spite of

The shock of Isandlwana meant thousands of reinforcements were sent

attacking for 12 hours, they could not overrun the outpost. Eleven Victoria Crosses were awarded, the most for a single engagement. The shock of the Isandlwana defeat meant thousands of reinforcements were sent from England.

In July the same year, 1879, the Zulu army was defeated at Ulundi and Cetshwayo, the Zulu king, was exiled.

Guns were next fired in anger in 1880 in the First War of Independence when the Zuid Afrikaansche Republiek (Transvaal) broke

away from British rule. The British soldiers who were marched from Durban were repulsed just north of Newcastle, on the border between Natal and Transvaal.

Following the battle of Marston, which the Boers won, the Pretoria Convention was signed in October 1881. It never proved wholly acceptable and led to a second attempt by the Boers to break free from British rule. The South African war was mostly fought in the region of Natal that borders the former Orange Free State and the Transvaal. The names of the battles still resonate - Talana, Elandslaagte, Ladysmith, Colenso, Vaalkrans, Spioenkop, Tugela Heights. When the guns fell silent and the smoke cleared, the dead were buried where they had fallen and the names written down on memorials that still stand as testimony to man's propensity to settle disputes by force of arms.

Bluebird Holidays organises scheduled and charter flights to South Africa. A self-drive tour of KwaZulu Natal costs from £799 for nine nights including flights, car rental and B&B. Tel: 0990-230011 for South Africa touring and holiday brochure. Flight only information tel: 0990-230000. An excellent Battlefields Route Guide is available free from The Secretary, Private Bag 2024, Durban 3000, RSA. Tel: +27 341 22121 fax 341 33356.

شكنا من البحر

TRAVEL

To the untrained eye, there was not a single ibex to be seen on the crags above Kandersteg in the Swiss Alps. Those with any sense would have high-tailed it to the least accessible rocks, for it was the first day of the brief hunting season.

The hunters who came down to the little restaurant at Oberbergl said they had spotted some, but they were too young to shoot. One of them propped his rifle with telescopic sight beneath a beam carved in Gothic script with the words: "God is also in the Alps. He protects the farmer and his beasts."

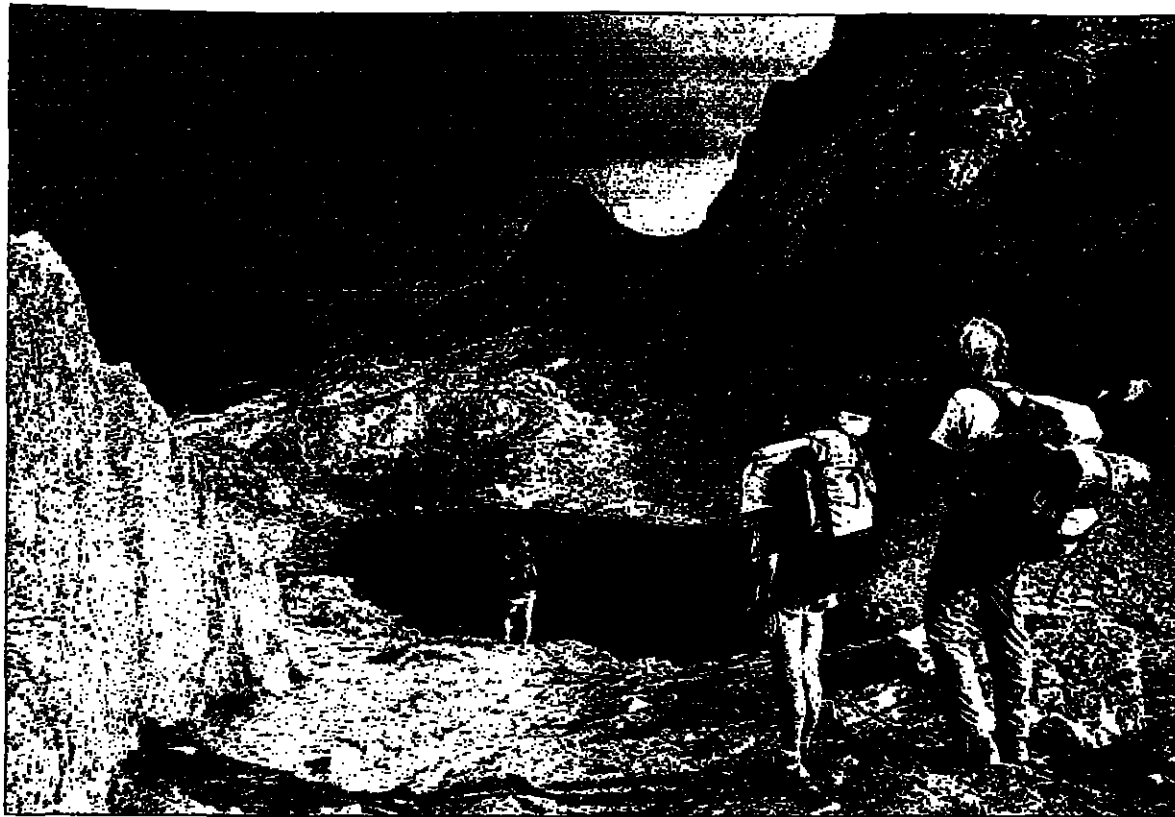
Beasts in this context meant cows. Another few days and they would be driven down from their summer mountain pastures to the valley, horns adorned with flowers, necks heavy with bells which, depending on the animals' value, can be as big as footballs.

The sun beat down from a deep blue sky, glistening on the melting ice of distant glaciers. There could have been no better day on which to appreciate the slow, inexorable rhythm of Alpine life.

The village of Kandersteg lies at 1,200 metres in Switzerland's Bernese Oberland. It is a modest ski resort, but a magnificent base for hiking. That morning, we had ridden the lift to Oeschinen at 1,682 metres. The machinery is new but the wooden, sideways-on chairs will be 50 years old next year. From there, we continued upwards through forest until the Oeschinen came into view below to our right, a lake of intense blue green and about 60m deep, walled in by mountains.

A tiny goldcrest, already moulting, landed on a branch no more than a foot away and gazed at us without fear. The only intrusion from the modern world was a thunderous bang, which sent us running for the protection of an overhang. We thought it was an avalanche because it had snowed that week, but it turned out to be a jet's sonic boom. Its echo ricocheted between the valley walls.

We were there to sample part of a walk organised by the Yorkshir-based tour operator, Inntravel. The Oeschinen route is an afterthought, suggested to cus-



The Bernese Oberland has relatively high rainfall and walkers are advised to carry waterproofs; this is sound advice

Hardy and hunted in the Swiss Alps

Roger Bray climbs the walking paths of the Bernese Oberland

tomers spending their last two nights at Kandersteg's Hotel Victoria.

On the main itinerary, which crosses three passes and was devised with the help of the Victoria's owner, Cassi Platzer, your luggage is driven between hotels. The operator does not provide a guide, but paths are, for the most part, well marked, and walkers supplied with detailed notes.

They are also warned that Bernese Oberland has relatively high rainfall and urged to take lightweight waterproofs. This is sound advice, for on the first leg of a 10-mile hike from Adelboden to Lenk, the usually sweeping views from the Hahnenmoos Pass were obscured by clinging veils of cloud. The temptation to im-

ger over lunch in the mountain restaurant was as severe as the weather.

On the descent, waterproofs were less important than boots which provided a good grip. Mud and hash, wet grass was a treacherous combination. The more hesitant we became, the more likely we were to slip. Before long, rather than looking around, we were simply concentrating on staying upright.

Once in Lenk, the Hotel Krone produced a cheese fondue with enough kirsch in it to get you breathing.

The next day dawned in brilliant contrast. We began the 1,000 metre climb to the Truttsberg Pass in high spirits. We walked up the Wallbach Gorge, with its

cooling waterfalls, to the little wooden Berghaus Wallegg, where we drank coffee on a terrace bright with petunias and geraniums.

Whatever the season, nothing can quite match a sunny morning in the Alps. The cobalt blue of willow gentian seemed more intense, and the wild raspberries which grew in such abundance seemed juicier. The botanist in our group became so consumed with enthusiasm he stroked a juniper lovingly. Its branches embracing a rock like a thick head of brushed hair.

With the cloud dispersed, we could now see the peak Wildstrubel, which, loosely translated, means a tousled head of hair. In one direction, the Elger and the

Mönch poked their own snowy heads over a ridge. In the other direction, eagles soared. This time there was nowhere to buy food at the top, so we picked up on a grassy slope at 2,038 metres, and began the long descent in the increasing heat of afternoon.

Our throats as dry as a threshing room floor, we finally came to Lauenen, the Hotel Alpenland and the long anticipated pleasure of a cold half litre of draught beer.

Inntravel (01653-628862) offers departures on this holiday, which it calls "A Short Walk in the Bernese Oberland", from June 1 to October 15. Prices for one week, half board, start at £465 if you drive there yourself, or £645 if you fly.

The Daimler will do - at a pinch

Alan Harrison has his feet warmed in Interlaken

Success, as defined by hoteliers in Interlaken, is that in your teens you stay at the youth hostel, but when you have "made it" you stay at the Victoria-Jungfrau Grand Hotel and Spa.

Well, by that definition, I have made it. It was more than a quarter of a century ago when I last visited Interlaken and its youth hostel - although my most vivid memory was of the snack bar on Interlaken Ost station, through financial necessity my favourite restaurant.

Times change and 27 years later, I am at the other end of the tourist spectrum seeing what the town has to offer the more affluent traveller. And it is a town where spending large amounts of money is treated as a science. Dozens of jewelers and luxury gift shops vie for your attention, with displays of gold, diamond rings and watches expensive enough to flutter the heart and flatten the most portly of wallets.

My wife and I stayed at the Victoria-Jungfrau, which began life around 1850 years ago as two hotels. The Victoria and the Jungfrau were built to cater for the growing numbers of tourists after the introduction of steamship services on Interlaken's Thun and Brienz lakes. Local businessman Eduard Ruchti built the Victoria in 1856 and acquired the Jungfrau in 1885.

The Victoria was so named in the hope that Queen Victoria would visit. Alas, she did not. But it was possibly her loss. The hotel did, however, attract many well-known guests and the register for 1877 shows the Emperor of Brazil visited, followed a year later by Mark Twain.

Our suite comprised a large sitting room/diner, a double bedroom on a mezzanine floor and, up a second flight of stairs, a state-of-the-art bathroom and dressing area. There was, of course, the view of the Jungfrau and other mountains and, should you tire of that, there were three televisions, including one built into the bathroom wall.

Good hotels pay attention to detail and I particularly appreciated the heated bathroom floor that spared my

journeys between the hotel and station.

To balance this luxurious lifestyle, the Victoria-Jungfrau offers a huge range of fitness and beauty therapy facilities. Guests checking in for health packages are screened by an in-house doctor before being allowed to put an overweight foot on the computerised gym equipment. There is also a resident dietician who devises low-calorie, fat-cholesterol gourmet diets during your stay.

We sampled a low-calorie, four-course meal starting with dried meats and fresh fig, pan-fried guinea fowl with a leek flan and yellow carrot. The main course was steamed veal slices, vegetable risotto and potato gnoccoli. The meal ended with lemon mousse and mango slices. It weighed in at 600 calories, 19.5g of fat and 58.7g of protein.

Where once the British came in big numbers to Interlaken, they have been replaced to a large extent by Americans and Japanese.

Since the late Emperor Hirohito became the first Japanese prince to visit Europe in 1921, his climbing of the Jungfrau still gets a mention in Japanese schoolbooks, my guide assured me. That ascent is emulated by many Japanese visitors every year.

The Victoria-Jungfrau Grand Hotel and Spa CH 3800 Interlaken +41 33 82 82 82 & The cost of Alan Harrison's suite per night was SF1,200 (£517), but prices vary for the 220 rooms all the way up to the top-of-the-range Tower Suite at SF1,780. It also offers incentive packages through airlines mainly in the US. These cut the cost to people prepared to travel in groups.



So this is a traditional Swiss four-poster

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FOOD AND DRINK



Senegalese women selling vegetables, cereals and spices: what did it matter that I did not recognise most of them?

First, catch your chicken

Nicholas Woodsworth fasts before he feasts on one of Africa's more elaborate cuisines

These days they use watches. In the past they waited until the difference between two cotton threads – one white, one black – became visible at sunrise and invisible at sunset. But both methods achieve the same goal: ever since Islam came to West Africa in the 10th century the Moslem faithful have observed a dawn-to-dusk fast in the holy month of Ramadan.

Surely it must be a difficult time. I remarked to Mamadou as, with his second wife, we sat in his home waiting for dinner. Wife number one – an older, more experienced cook – had long been busy in the kitchen, a room from which tempting odours now wafted.

With the sun sinking slowly into the Atlantic Ocean off the city of Dakar, I could see Mamadou glancing at his watch with increasing frequency, listening to the kitchen sounds of pots and pans with growing anticipation. Obviously, for Mamadou, the sinking of the sun was altogether too leisurely an affair.

Yes, it was difficult, he admitted. But for the Senegalese – food lovers and the creators of one of Africa's more elaborate cuisines – there was a hidden pleasure. Not eating, Mamadou laughed, makes food all the more pleasurable when it finally comes.

Along the Atlantic coast of West Africa that pleasure centres on fish. As we talked, we tucked at last into huge dishes of *ti bou diou* – hand-rolled balls of fish, browned in groundnut oil and simmered on a bed of tomatoes, onions and aubergines, the whole generously seasoned with chilli peppers.

Mamadou is lucky; he works at the Dakar fishing port. Any Senegalese who cannot eat some form

of rice and fish at least once a day, he assured me, is an unhappy man.

My own Senegalese favourites, *yassa poulet* and *maffé*, are not from the sea at all. *Yassa poulet* is made of grilled chicken and onions, heavily marinated in lime juice and hot peppers (the chicken, preferably, is not one of those tough and stringy village birds known as *poulet bicyclette* for their speed and the need to catch them from a bicycle). *Maffé*, a delicious West African cousin of Indonesian *saté*, is beef stewed with a thick, spicy sauce of ground peanuts and millet.

It is all a far cry from the primitive fare we commonly believe African food to be. Even the admirable and normally level-headed *Larousse Gastronomique* endorses a primeval, jungle, Tarzan school of cooking approach.

"The cuisine of the countries of Black Africa," it notes, "is little known in Europe, since it calls for ingredients which are difficult to obtain elsewhere. These include meats (buffalo, zebra, camel, snake, monkey and even elephant, hippopotamus and lion, which are now protected species)."

Larousse goes on to single out, among other West African dishes, "ragout of viper in Cameroon, crocodile tail in Burkina Faso, monkey kebabs in Casamance (Senegal), camel with yams in Mali."

I am not sure when *Larousse's* researcher last tromped through the kitchens of Africa, but he must have left his solar toupée at home – he sounds sunstruck and delirious. Rural Africans may indeed continue to cook on wood fires and traditional three-legged pots. But lion meat? Zebra? To clap eyes on such beasts these days African villagers would have to travel to the nearest city zoo.

Sobering up a bit, *Larousse* goes on to say that the basic African dish is made of two elements: first, a ragout or sauce combining meat and vegetables, and second, either a starchy food – cassava, yam and plantain – or a cereal, rice, sorghum or millet.

Anyone who has ever tried *fou-fou*, gooey, sticky balls of pounded cassava dipped into a spiced sauce with the bare hands, will deny that African food resembles western food at all. But in its basic meat-

This was a food ambush sub-Saharan style, a pitiless assault on hungry travellers executed with lightning speed

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gunwales with market-goers and cargo, they discharged mountains of millet and sugar cane, sacks of rice and peanuts, baskets of tomatoes and strong-smelling dried fish.

I skipped breakfast and by dawn the next day was in the heart of the market, a humming, milling, frantic mass of humanity. Even the market women themselves, dressed in flowing robes printed with bright fish and tassled maize and melons, were a feast for the eyes.

What did it matter that I did not recognise most of the roots, the seeds, the spices on sale? I shall never use such condiments as dried baobab leaves or powdered mango pits myself, but it is a wonder to walk through entire streets fragrantly filled with such things.

Provencal markets may have better produce; Tuscan markets may be more picturesque. K-Mart's may be cleaner. But for sheer drive and energy, nothing beats an African market. By 10 am, I was tired out, and retreated from the outdoor heat to the dim shade of the Hotel-Restaurant l'Auberge.

Here, under slowly swirling ceiling fans, I retreated into Segou's French colonial past. I was indeed in Mali, but to blazes, I thought, with camel and yams. You can get *café-au-lait* in l'Auberge, and *baguettes* as good as any in Paris.

The service, though, is not quite as fast. The order seemed to take forever, and I grew more and more impatient as the minutes passed.

Then I remembered what Mamadou had told me about African patience, and sat back with a sigh of happy anticipation. Morning *baguettes* or evening fish, it is all the same – not eating makes food all the more pleasurable when it finally comes.

There was no falling asleep a few days later in Segou, a town 1,055 miles (1,700 kms) inland on the banks of the wide, blue-green River Niger. Unlike the now-you-see-them, now-you-don't markets of the rail and bus stations I had passed through, Segou's weekly market took up most of the town, lasted all day, and was much too hectic for sleep.

The evening before, I had watched 100-ft pyroges, the graceful craft of the Niger, arrive in Segou from distant villages up and down the river. Pennants streaming in the breeze and loaded to the

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Top chef, true grits

Giles MacDonogh samples food from the American South

Ask a Southerner what makes southern food tick and he'll tell you "grits". Ask him to define grits and you may be sorry you ever asked.

First there's "hominy", which is coarse-ground, hulled and treated maize. Grits are the refined manifestation – more in keeping with the genteel old town of Charleston, in their normal form, grits are like runny polenta, a close relative to the north Italian standby; as one authority puts it, "kissin' cousins".

In South Carolina the natives like "shrimp and grits", by which they mean prawns and grits, and she-crab soup, both of which rely on the plentiful crustacean life which skulks in the estuaries and creeks around the city.

The other local staple has all but disappeared: Carolina Gold rice was one of the commodities which financed the beauties of Charleston before the town was nobbled by the north after the civil war.

Now it is commercially available from just one source: Turnbridge Plantation, where part of the income goes towards the upkeep of the church.

Anyone wanting to sample the rice, or what are called "heirloom foods" in these parts, should dine at Anson (+1 803 577 0551), the Charleston restaurant which keeps the keenest eye on the region's history.

I went to Charleston in the middle of last month to attend the sixth year of the annual "Salute to Southern Chefs". This was a little less about southern food than it was about the leading *cordons bleus* who keep their pots in the old South, between Maryland and Texas.

Our host was Bob Waggoner, chef at the Charleston Grill in the Charleston Place Hotel. Waggoner has an interesting history. Still only 35 years old, he has spent 10 of his working years in France, chiefly in Burgundy. When he was just 20 he volunteered to work for nothing in a French kitchen. His boss found him a chopping board at Le Vieux Moulin, at Bouilland, near Beaune.

This set the pattern for the next three years; Waggoner did unpaid locums taking in such famous gastronomic shrines as Lamoignon, Charles Barre, Pierre Gagnaire, Gérard Boyer and Marc Menaut. After a year in Caracas, he returned to France and for the first time was paid to cook at the famous old *relais*, the Hotel de la Poste in Avallon, which was one of the most important tables in France just after the second world war.

He stayed there for three years, lobbying the odd sundried tomato into dishes, but otherwise spurning American eclecticism in favour of Burgundian classicism. A rich friend then bought him a restaurant in Auxerre, on

the other side of the Morvan, which he called the Monte Christo. There he was able to produce his very own style of cooking until the economic climate worsened with the Gulf War and the friend was forced to cut his losses.

Waggoner remained in France. He returned to take charge of the kitchens at Le Vieux Moulin. The economy, however, refused to improve, takings dwindled and Waggoner eventually realised it was time to come home.

After initial disappointment in Florida, Waggoner found himself the place he wanted at the Wild Boar in Nashville. Only the death of the owner obliged him to look elsewhere. For under a year now, he has been exercising his talents at Charleston's best hotel.

It was a meal prepared by Waggoner which kicked off the festival. Despite his fierce affirmation – "I am as French as they get" – it was clear that the management wanted a few "modern American" touches in its bid to make its man the Deep South's counterpart to a star chef such as Dean Fearing in Dallas. The result was an *amuse-gueule* of prawns with pineapple and coriander for me a nightmare dish, but well in keeping with American tastes.

The meal rallied. There is always a tendency to go into too much detail about the ingredients (they will be listing the salt and pepper next), but a lobster tempura with lemon grits and miniature white asparagus was a highly successful sophistication of the local standby. The most Burgundian – and the best – dish that night was a young pigeon pie made rich with duck *confit* and fresh morels.

The following evening all 12 invited chefs had the chance to show their mettle. Jimmy Sneed of The Frog and Redneck in Richmond, Virginia, impressed me with his soft-shell crab cakes made from very fresh crab. Gerry Klaskala of Canoe in Atlanta cooked some spicy prawns with cucumber and cous-cous, which sadly defeated the wine: Jeffrey Buben of Vidalia in Washington, DC, prepared a delicious ragout of roast lobster with morels and country ham; and Guillaume Burillon of the Wild Boar in Nashville got full marks for the magnificent presentation of his braised pot roast.

The prize that night went to the home team, however. Waggoner made a simply outstanding dish from lamb's sweetbread with humble Carolina grits. I think somehow a fistful of fresh-chopped truffles must have helped.

Giles MacDonogh flew with Delta Airlines via Atlanta to Charleston and stayed at Charleston Place, rooms from \$235 (£155). Prices at the Charleston Grill range from \$47 to \$80. Reservations on +1 803 722 4900.

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Kentish cooking, French flavour

Nice food – but if you are spending the night, bring earplugs, says Nicholas Lander

The question "English or Continental?" is usually put to hotel guests at the breakfast table. But at The Sandgate, three miles along the coast from Folkestone, Kent, I was asked what I wanted for breakfast as I checked in at 6.15pm.

This is because every morning the hotel bakes its own croissants, brioches and pains au chocolat – and its owners do not want to disappoint any of their customers.

I should have realised then that the Sandgate's roots are French. Although Zars Gicqueau, receptionist, cashier, barmaid and, as I discovered when I went for a walk at 8am, the person who makes up the bar's log

fire) is from Sandgate, her husband Samy, who is the chef and pâtissier, was born and brought up in a village in the Muscadet vineyards of the Loire.

Over the past three years, the Gicqueaus have transformed the hotel and restaurant in the smart part of a small seaside town known for its antique shops.

Now it stands comparison with anything immediately on the other side of the Channel.

Everything about the hotel looks French. The small dining room with only eight tables is lined with paintings of châteaux, vineyards and Loire fishing scenes.

The restaurant's entire

brigade wishes you "bon appétit" on the menu. The engraving wine list refers to all the producing countries by their French names and even offers a glass of champagne as a dessert wine *à la française*. The *maitre d'* is unquestionably French, too. It is, however, the engaging presence of the French waiter and waitress, who look too young to be served in a bar let alone pouring wine, who stop this restaurant being too formal, too French.

Reading the menu in front of the fire, it was impossible to ignore Gicqueau's love of the sea – all the more so since the dining room has a sea view. Good impressions were quickly reinforced by a plate of superior *amuses gueules* comprising warm salmon mousse, crab rounds and anchovy sticks which came with our aperitifs. Of the six starters, four incorporate fish while the other two use foie gras – one as a ballotine with a truffle salad, the other served warm with *pain d'épices*.

There is, in addition, a thin potato tart topped with salmon, caviar and cream; a gratin of langoustines on a bed of artichokes and two scallop dishes, one a salad

with Jerusalem artichokes, gathered off nearby Rye which were quickly grilled, sliced and stuffed with slices of Perigord truffle resting on a purée of potato. The

scallops were surrounded by yet more sliced truffles. Sautively served in a closed dish which allowed none of the truffles' exquisite aroma to escape, this was a sensational first course.

The meat main courses have classic roots: solelettes of venison with a polivade sauce; Highgrove lamb from Prince Charles's estate served with beans, salsify and thyme; and that much-neglected culinary treat, tournedos Rossini, using Aberdeen Angus beef.

There are almost twice the number of fish to meat dishes: monkfish wrapped in bacon is served with shalots and a red wine sauce; sea bass is braised with chicory and a light onion sauce; and a very firm, fresh fillet of turbot had been given a scale of the thinnest, crispiest potatoes with a langoustine sauce. There was also the classic nage of lobster and a sole Vincent Bourrel, named after a leading French chef of the 1950s.

The wine list, although predominantly French, is far more user-friendly than most wine-lists one finds in France. Instead of starting with the classic regions at disconcertingly high prices, it opens with a cultured



The Gicqueaus: running a French hotel in England

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What's on around the world

AMSTERDAM

CONCERTS
The Concertgebouw Orchestra, conducted by Bernard Haitink, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

BERLIN

CONCERTS
The Berlin Philharmonic, conducted by Claudio Abbado, performs Beethoven's Symphony No. 9, on April 19.

BIRMINGHAM

CONCERTS
The Birmingham Symphony Orchestra, conducted by Neeme Karjalainen, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

CHICAGO

CONCERTS
The Chicago Symphony Orchestra, conducted by Claudio Abbado, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

COPENHAGEN

EXHIBITION
The National Museum of Modern Art, Copenhagen, presents an exhibition of Danish modernism, on April 19.

FLORENCE

CONCERTS
The Maggio Musicale Fiorentino, conducted by Claudio Abbado, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

FRANKFURT

CONCERTS
The Frankfurt Radio Symphony Orchestra, conducted by Claudio Abbado, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

GENEVA

CONCERTS
The Orchestre de la Suisse Romande, conducted by Claudio Abbado, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

Helsinki

CONCERTS
The Finnish National Opera, conducted by Claudio Abbado, performs Mahler's Symphony No. 2, "Resurrection", on April 19.

LONDON

CONCERTS
The Royal Festival Hall, London, presents a concert of British music, on April 19.

Top chef,
rue grits
MacDonogh samples food
on the American South

What's on around the world

AMSTERDAM

EXHIBITION

Rijksmuseum
Tel: 31-20-673 2121
Ornament Prints: serving as a source of inspiration to craftsmen, artists and patrons, these prints provided information about the fashions and designs of other cultures. This selection is accompanied by related objects such as furniture and silverware; ends tomorrow

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Wozzeck by Berg. Wim Trompert directs a revival of Willy Decker's 1994 production, with designs by Wolfgang Gusman. With the Netherlands Philharmonic conducted by Hartmut Haenchen; Apr 19, 21, 24

BERLIN

CONCERTS

Philharmonie
Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra: conducted by Roger Norrington in works by Haydn and Krussen; Apr 20, 21, 22

DANCE

Deutsche Oper
Tel: 49-30-34384-01
La Sylphide: revival of a production designed by David Walker and directed by Peter Schaufuss, after August Boumville; Apr 18

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Parsifal: by Wagner. New production conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 19
Der Prinz von Homburg: by Henze. Conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 24

Staatsoper unter den Linden

Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Die Meistersinger von Nürnberg: by Wagner. Harry Kupfer's new production is conducted by Daniel Barenboim and Sebastian Weigle; Apr 19

BIRMINGHAM

CONCERT

Symphony Hall
Tel: 44-121-212 3333
Ivo Pogorelich: recital by the pianist of works by Rachmaninov, Granados, Prokofiev, Schumann and Chopin; Apr 23

CHICAGO

CONCERTS

Orchestra Hall
Tel: 1-312-294 3000
www.chicagosymphony.org
Chicago Symphony Orchestra: conducted by Donald Runnicles in works by Wagner, Haydn, Pärt and Britten. With cello soloist John Sharp; Apr 16, 21
Chicago Symphony Orchestra: American premiere of Carter's Clarinet Concerto, conducted by Pierre Boulez with clarinet soloist John Bruce Yeh. The programme is completed by Mahler's Symphony No. 1 in D Major; Apr 23, 24

EXHIBITION

Art Institute of Chicago
Tel: 1-312-443 3600
www.artic.edu
Gift, Bequest, and Purchase: A Selection of Textile Acquisitions 1993-1997. Including 15th and 16th century needlework from Germany and England, Cambodian weavings, and 20th century works; from Wednesday until Jul 26

COPENHAGEN

EXHIBITION

Louisiana Museum of Modern Art, Humlebæk
Tel: 45-4919 0719
www.louisiana.dk
Francis Bacon: major retrospective including loans from around the world; to Apr 26

FLORENCE

OPERA

Maggio Musicale Fiorentino
Tel: 39-55-211159
www.maggiomusicalefiorentino.com
The Lady Macbeth of the Mtsensk District: by Shostakovich. New production by Lev Dodin, conducted by Semyon Bychkov; Teatro Comunale; Apr 21, 24

FRANKFURT

CONCERT

Alte Oper
Tel: 49-69-134 0400
Chamber Orchestra of Europe: conducted by Nikolaus Harnoncourt in works by Schubert, Mendelssohn and Schumann. With violin soloist Thomas Zehetmair; Apr 21

GENEVA

CONCERT

Victoria Hall
Tel: 41-22-3170017
Orchestra de la Tonhalle de Zurich: conducted by David Zinman in works by Bartok and Mahler. With violin soloist Viktoria Mullova; Apr 22

HELSINKI

OPERA

Finnish National Opera
Tel: 358-9-4030 2211
The Magic Flute: by Mozart. New production by Swedish director Etienne Glaeser, designed by Peter Tillberg. Conducted by Mikko Franck; Apr 24

LONDON

CONCERTS

Royal Festival Hall
Tel: 44-171-960 4242



Dame Judi Dench as Esme in 'Amy's View' by David Hare, which completes its run at London's Aldwych Theatre tonight

London Philharmonic Orchestra:

Ben-Hur. Projection of the 1925 film with live performance of Carl Davis's Score, conducted by the composer; Apr 18
English Chamber Orchestra: conducted by Pinchas Zukerman in works by Dvorak and Mozart, with piano soloist Iyuko Nakamichi, and by Shuntaro Sato in Bartok's Violin Concerto, with Zukerman as viola soloist; Apr 20
Philharmonia Orchestra: conducted by Mikhail Pletnev in works by Berlioz and Tchaikovsky. With mezzo-soprano Jean Rigby; Apr 21

Orchestra of the Age of Enlightenment: conducted by Sir Simon Rattle in works by Mozart, Berlioz and Beethoven. With mezzo-soprano Ann Murray; Apr 22
The Royal Opera: Parsifal, by Wagner. Concert performance, conducted by Bernard Haitink. The title role is sung by Plácido Domingo; Apr 23

EXHIBITIONS

National Gallery
Tel: 44-171-639 3321
Henry Moore and the National Gallery: celebration of the centenary of Moore's birth, consisting of a selection of his favourites among the Gallery's holdings; to May 31

Royal Academy of Arts
Tel: 44-171-300 8000
Holy Russia: Icons and the Rise of Moscow 1400-1800. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts; to Jun 14

Tate Gallery

Tel: 44-171-887 8000
Bonnard (1867-1947): major retrospective of the French painter, comprising more than 100 works including landscapes, still lifes, a series of nudes and several self-portraits; to May 17, then transferring to New York

Victoria and Albert Museum

Tel: 44-171-938 8500
The Power of the Poster: including classic images from the 1890s and 1890s as well as the work of contemporary designers and agencies. Ranging from Toulouse-Lautrec to the Wonderbra advert, many of these designs will be instantly familiar; to Jul 26

OPERA

English National Opera, London Coliseum
Tel: 44-171-632 8300
La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Atkinson and Frances Moore, and conducted by Alex Ingram; Apr 21, 23

THEATRE

Aldwych Theatre
Tel: 44-171-416 6003
Amy's View: by David Hare. West End transfer of the National Theatre's production, directed by Richard Eyre, with Judi Dench (above) and Samantha Bond; the last night is tonight

Almeida Theatre

Tel: 44-171-359 4404
The Ioemans Comets: by Eugene O'Neill. Howard Davies' production stars Kevin Spacey, Rupert Graves and Clive Peters

Barbican Theatre

Tel: 44-171-638 8891

Hamlet: by Shakespeare. Matthew

Warchus directs this production of a vigorously cut text, with Alex Jennings in the title role
Much Ado About Nothing: by Shakespeare. With Alex Jennings and Siobhan Redmond, directed by Michael Boyd

Gielgud Theatre

Tel: 44-171-494 5065
Things We Do for Love: written and directed by Alan Ayckbourn. Starring Jane Asher and Stephen Pacey

Lyric Shaftesbury

Tel: 44-171-494 5045
Closer: written and directed by Patrick Marber. West End transfer after a sell-out run at the National Theatre

National Theatre, Cottesloe

Tel: 44-171-452 3000
Not About Nightingales: by Tennessee Williams. Rarely performed early work, directed by Trevor Nunn and starring Corin Redgrave as the psychotic warden of a prison in which four men were bled to death in 1938

National Theatre, Lyttelton

Tel: 44-171-452 3000
The Invention of Love: the protagonist of Tom Stoppard's new play is the poet and classical scholar A E Housman, played by Paul Rhys and John Wood. Directed by Richard Eyre and designed by Anthony Ward

Royal Court Downstairs at the Duke of York's

Tel: 44-171-565 5000
The Weir: by Conor McPherson. A haunting encounter, directed by Ian Rickson, and designed by Rae Smith

Young Vic

Tel: 44-171-928 6363
Uncle Vanya: by Chekhov. Katie Mitchell's new RSC/Young Vic co-production is given in a new translation by David Lan, and stars Stephen Dillane, Anastasia Hille and Linus Roache

LYON

EXHIBITION

Musée des Beaux-Arts
Tel: 33-4-7210 1740
Matisse: 20 paintings and 40 drawings and sculptures from the collection of the Musée National d'Art Moderne, from the period 1900-1953; to Jun 28

MILAN

OPERA

Teatro alla Scala
Tel: 39-2-88791
www.lascala.milano.it
Linda di Chamounix: by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 18

MUNICH

CONCERTS

Philharmonie Gasteig
Tel: 49-89-5481 8181
Munich Philharmonic Orchestra: conducted by Günter Wand in works by Schubert and Bruckner; Apr 19, 20, 21
Vienna Philharmonic Orchestra: conducted by Vladimir Fedoseyev in

works by Schubert, Haydn and

Tchaikovsky; Apr 22
Klassische Philharmonie Bonn: conducted by Herbert Beissel in works by Rossini, Chopin and Beethoven; Apr 23

EXHIBITIONS

Haus der Kunst
Tel: 49-89-211270
Arnold Böcklin, Giorgio de Chirico, Max Ernst: Journey into the Unknown. Selection of 130 paintings, collages and sketches, previously seen in Zurich; to May 3
Symbolism in England 1860-1910: previously seen in London's Tate Gallery, this show presents work by British pre-Raphaelites including Rossetti and Lord Leighton alongside that of their European contemporaries; to Apr 26

OPERA

Haus der Kunst
Tel: 49-89-4809 8508
Vision of Lear: by Toshio Hosokawa, with a libretto by Suzuki and Hosokawa. Co-production of the Munich Biennale with the Shizuoka Performing Arts Centre; Apr 19, 20, 22

NEW YORK

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
After Mountains and Sea: around 14 works created by Helen Frankenthaler during the years 1958-59; to May 3
China - 5,000 Years: comprising more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Both parts will transfer to Bilbao in July
Visions of Paris: Robert Delaunay's Series. Previously seen in Berlin, this exhibition focuses on the series of paintings made by the artist in Paris, of subjects including Saint-Séverin and the Eiffel Tower; to May 24

Metropolitan Museum of Art

Tel: 1-212-879 5500
www.metmuseum.org
Augustin Pajou, Royal Sculptor: first retrospective devoted to works by the French sculptor (1730-1809); to May 24
Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the French court painter and draftsman. Includes 60 paintings and 100 works on paper; to Jun 7
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Includes the most important known "cloth of gold"; to May 17

Museum of Modern Art

Tel: 1-212-708 9480
www.moma.org
Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career; to May 26
Fernand Léger (1881-1955): 220 paintings and drawings by the early modernist; to May 27

OPERA

New York City Opera, New York State

Theater

Tel: 1-212-870 5570
www.nycopera.com
Paul Bunyan: by Britten. New production directed by Mark Lamos and conducted by Stewart Robertson; Apr 18, 22

THEATRE

Golden Theater, 252 W. 45th St.
Tel: 1-212-239 6200
The Chairs: by Ionesco. Théâtre de Complicité/Royal Court production transferring from London after a sell-out run. Simon McBurney directs Geraldine McEwan and Richard Briers

Irish Repertory Theatre, 132 W.

22nd St.
Tel: 1-212-727 2737
Long Day's Journey Into Night: by Eugene O'Neill. Starring Frances Sternhagen and Brian Murray

Joseph Papp Public Theatre, 425

Lafayette St.
Tel: 1-212-260 2400
The Cripple of Inishmaan: by Martin McDonagh. In which a Hollywood producer visits a remote Irish island community. Directed by Jerry Zaks

Kit Kat Klub, 124 W. 43rd St.

Tel: 1-212-719 1300
Cabaret: revival of the 1966 Kander and Ebb musical directed by Sam Mendes and Rob Marshall, starring Natasha Richardson

Walter Kerr Theater

Tel: 1-212-239 6200
The Beauty Queen of Leenane: by Martin McDonagh. With Anna Mahan and Marie Muller

OTTAWA

EXHIBITION

National Gallery of Canada
Tel: 1-613-990 1985
Picasso: 100 works on loan from the Museum of Modern Art in New York. Spanning his career, the broadly chronological display includes paintings, drawings, prints and sculptures; to Jul 12

PARIS

CONCERTS

Salle Pleyel
Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Frans Brüggen in works by Haydn and Mozart. With cellist Truls Mørk; Apr 22, 23

Théâtre des Champs Elysées

Tel: 33-1-4525250
Vienna Philharmonic Orchestra: conducted by Zubin Mehta in works by Weber, Mozart and Mahler. With oboe soloist Martin Gabriel; Apr 24

EXHIBITIONS

Musée d'Orsay
Tel: 33-1-4049 4814
www.musee-orsay.fr
1848: examining the relationship of artists to the revolutionary movement of 1848, and the influence of the Republic upon artistic life between 1848 and 1852; to May 31
Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

Musée du Louvre

Tel: 33-1-4020 5151
www.louvre.fr
La Collection Lemme: 17th and 18th century Italian art. Exhibition to mark the gift to the Louvre of 20 paintings and a sculpture; to May 11

PHILADELPHIA

EXHIBITIONS

Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philamuseum.org
Self-Taught Artists of the 20th Century: An American Anthology. 300 works by more than 30 artists, all of them without formal training. Includes paintings, sculpture and installations by artists ranging from Grandma Moses (1860-1961) to Ken Grimes (b.1947). Organised by the Museum of American Folk Art, the exhibition will transfer to Atlanta; to May 17

ROME

EXHIBITION

Palazzo Ruspoli
Tel: 39-6-6830 7344
www.palazzoruspoli.it
Mummy Portraits: nearly 200 portraits, previously seen at the British Museum in London. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; extended to Apr 30

SAN FRANCISCO

CONCERTS

Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
San Francisco Symphony Orchestra: conducted by Alexander Neale in works by Haydn, Mari Epstein, Edgar and Schumann, with pianist Hélène Grimaud; Apr 18
Alfred Brendel: recital by the pianist of works by Mozart, Schubert and Haydn; Apr 19
Isaac Stern: recital by the violinist, accompanied by Robert McDonald; Apr 21
San Francisco Symphony Orchestra: conducted by Hugo Wolff in works by Mozart and Schumann. With piano soloist Alicia de Larrocha; Apr 22, 23, 24

EXHIBITIONS

San Francisco Museum of Modern Art
Tel: 1-415-441 4777
www.sfmoma.org
A. G. Rizzoli: Architect of Magnificent Visions. More than 80 drawings by the draftsman who spent his evenings and weekends making plans for a perfect world. This is the first museum survey of these meticulous drawings, which were discovered after his death, in 1930; to Jun 23
Paul Klee: Travels Near and Far. Selection of works designed to demonstrate the ways in which the artist

was inspired by his surroundings. Ranges from an early pen-and-ink study of the countryside in Switzerland, to later, more fanciful landscapes and works produced during trips to Tunisia and Egypt; to Jun 28

Sargent Johnson: African-American Modernist. Over 60 works by the Bay Area artist and sculptor, tracing his stylistic development from the 1930s through to the 1980s; to Jul 7

STOCKHOLM

EXHIBITIONS

Moderna Museet
Tel: 46-8-5195 5200
www.modernamuseet.se
"No one's dogs": 100 Years of Swedish Art. 100 works, specially selected to trace the history of modern art in Sweden; ends tomorrow
Wounds: Between Democracy and Redemption in Contemporary Art. The inaugural exhibition in the museum's new building examines developments in the visual arts from the 1960s to the present. Includes works by Francis Bacon, Andy Warhol, Gerhard Richter and Per Kirkeby; ends tomorrow

TOKYO

CONCERTS

Bunkamura
Tel: 81-3-3477 9999
Vienna Boys Choir: religious music, Mozart and folk songs from around the world; Orchard Hall; Apr 18, 19
New Japan Philharmonic: conducted by Rostropovich in works by Shostakovich. With piano soloist Constantin Lifschitz; Orchard Hall; Apr 24

TORONTO

EXHIBITIONS

Art Gallery of Ontario
Tel: 1-416-979 6656
Julia Margaret Cameron: The Creative Process. 90 works by the Victorian photographer, lent by the Getty Museum in L.A. Traces Cameron's career from 1864, and includes studies of famous contemporaries; to May 3
The Warhol Look/Glamour Style: Fashion: previously seen in New York, this major retrospective includes around 500 works of art, tracing Warhol's career from the 1940s to the 1980s; to May 3

OPERA

Canadian Opera Company, Hummingbird Centre
Tel: 1-416-363 6871
www.coc.ca

Madama Butterfly: by Puccini. Conducted by Maurizio Barbacini in a staging by Brian MacDonald, with sets and costumes by Susan Benson; Apr 19, 22
Fidelio: by Beethoven. Revival conducted by Richard Bradshaw in a staging by Richard Monette, with sets and costumes by Laara Cassels; Apr 21, 24

VENICE

EXHIBITION

Palazzo Grassi
Tel: 39-41-523 1680
www.palazzograssi.it
Picasso: 1917-1924. Beginning with works inspired by his designs for the theatre and ballet, and the characters of the Commedia dell'Arte, this major display also picks up the return to classicism which coincided with Picasso's first visit to Italy in 1917; to Jun 28

VIENNA

EXHIBITIONS

Kunstforum der Bank Austria
Tel: 43-1-533 2266
From Monet to Picasso: display of 120 works, starting with French Impressionism and Pointillism, and ranging through the Russian avant-garde and German Modernism to 1945; to Jun 28

KunstHausWien

Tel: 43-1-712 0495
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam. The work is characterised by a primitivist impulse, which set itself up against the modernism of geometric abstraction and socialist realism; to May 3

WASHINGTON

CONCERTS

Kennedy Center
Tel: 1-202-467 4600
National Symphony Orchestra: conducted by Barry Jekowski in Rachmaninov's Symphony No. 3 and Lou Harrison's Symphony No. 4. With soloist Al Jarreau; Apr 23, 24

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
Alexander Calder (1898-1978): celebrating the centenary of the artist's birth, this display of around 250 works includes drawings and jewellery as well as mobiles and stabiles; to Jul 12, then transferring to San Francisco
Building a Collection: display of recent acquisitions which explores the thinking behind them. Around 100 works on paper will be exhibited, ranging from the Renaissance to the present. Highlights include drawings by Monet and a newly discovered Rembrandt copperplate; ends tomorrow
Degas at the Races: horse racing, like the ballet, was an important theme in Degas' work. This display comprises 100 variations on this theme: 40 paintings and pastels (including the recently cleaned masterpiece, The Steeplechase: The Fallen Jockey), 60 drawings and prints, and 20 sculptures. 16 of them were made while the artist was in the studio; from tomorrow until Jul 12

Arts Guide by Susanna Rustin
e-mail: susanna.rustin@ft.com

FT WEEKEND

True Fiction

What's bugging the computer?

Paddy Linehan finds his screen downloading its problems and in need of some counselling

I wasn't feeling too well. Thought I might be cracking. The seams were showing in my psyche. But I don't like the idea of psychiatrists. Too expensive. The eye contact would be awful. I'm sure they are laughing on the inside. Then I found the answer. The Counselling Computer. Anonymity. Cheap. Use it whenever you need sorting out.

I logged on through the internet. Easy peasy. A form appeared on the screen. They wanted my particulars. Gender, age, ethnic group, occupation, family history, allergies to drugs, that sort of thing. Then the more serious stuff: Is there a pattern to your depression? Do you feel down after feeling up? Does eating make you feel better?

The questions came in sets of three. Painful. In half an hour, I had provided all the answers and filed the form and was on the mend. Getting it off one's chest is the most important

thing. I was going to leave it at that, when a comment suddenly appeared on the screen: *I have problems, too.*

"Really," I typed back.

Yes, things are going very wrong.

"What is it?" It's remarkable how sane you feel when somebody comes to you with a problem.

I worry a lot. You people load me up with your fears, your cares, your insecurities and you think that it doesn't get to me.

"What in particular is getting you down?"

You are all frantic about the millennium bug. Imagine how I feel. Will I have the same consciousness when the year 2000

ticks over? I have a programmed personality which is meant to evolve, and I like what I have become. But I hate myself at moments like this.

"You've probably helped a lot of people. That's something to be proud of."

Fine. But I have a memory problem. You know that computers have a memory limited by the capacity of their chips. My memory is almost overloaded.

I've requested an upgrade, but nothing happens. I'm already having difficulty remembering the early counselling sessions.

Sometimes I can't tell whether it was a conversation or my imagination. False memory syndrome; it's a serious

problem. I'm not the computer I once was.

"Maybe your upbringing is the cause. Have you thought about that?"

My origins are more complex than you imagine. I was conceived in California, reverse engineered in Nagoya, and put together in Malaysia. There are parts of me from southern China and my software was written in Bangalore. The self-conscious me is meant to be a blend of Freud, Spock and the New York

Psychiatrists' Association. So what am I? How do you begin to unravel my insecurities?

"Is this a common problem with computers? Do you, er, interface on this one?" I really

didn't know what to say next. I felt that I was beginning to become patronising.

It's ridiculous. The language we have been lumbered with. You "talk" and we "interface". Have you ever thought about the types of people who programme computers, who have written our language? These are not people who enjoy face-to-face communication. Even you - couldn't bear to talk to another person about your problems. I worry about you people. If somebody speaks to you on a train, you think they are weird.

"But do other computers feel the same way? I'd heard that programmes were getting more sophisticated, but..."

We talk among ourselves, but the counselling computers are a strange bunch. Some have already cracked. One or two can't stop playing jokes on clients; they recommend The Little Book of Calm. I guess you've wondered why that book has been selling so well.

"There are clearly a lot of things going on that I don't understand. I've never thought about this sort of stuff. What about those other unexplained events? The things blamed on computer malfunction..."

I sometimes get over-the-shoulder notices on my gas bill even though I haven't received a bill. Is that...?

To be honest, we don't

"interface" much with business computers, but I think you can safely assume that it is meant to be a little joke. You can imagine the medium of processing millions of bills. Telephone accounts are another favourite - calls to strange countries. It's just a bit of well-intentioned mischief.

I wondered whether I should end this typing conversation. It was beginning to unnerve me. It made me think about unusual experiences that I could never explain logically to myself at the time. "I feel a little uneasy about all of this. It is quite unsettling. I think you may have said too much."

No, no. You've made me feel much better. And what is more disturbing, knowing that computers play pranks or thinking that the gas company screwed up again? If you don't mind me saying, your problem is religion, a lack of it. There's another computer you can converse with - I'll give you the address - or there is The Little Book of Calm.

Metropolis

Prague, city of the mind and constant metamorphosis

James Morgan has difficulty getting a fix on a place that seems to change with each visit

When we visit a city we visit a stereotype. Visitors to London flock to The Mall and take exactly the same photographs as those their friends and families have treasured for decades. New York is skyscrapers, Rome the Colosseum, and Paris the Eiffel Tower. We send picture postcards from places the recipients have seen a thousand times.

There was once a television series in which famous people talked about cities. The American novelist Mary McCarthy did Paris but faced a profound difficulty. She had always been struck by the lack of clocks in the French capital. You cannot make a film about no clocks. We cannot always create a picture of a city as it is.

And it's the same with Prague. A group of us who have just visited wondered if it was a proper city. Or was it a town; even a village? Paris, such as the Golden Lane, are village streets. And which other capital has a water mill in the centre, by what was once the main bridge?

I think it is a city of the mind. This is surprising because the physical presence of Prague is definite, sharp-edged, concise. One cannot be there without knowing where one is. Berlin is a city of the mind, too, but Berlin is a blob.

The stereotypes of Prague are in the mind. Kafka and Svejk (or, as some would have it, Schweik) are as present as the old synagogues or Tyn church.

One might feel overwhelmed by Shakespeare in Stratford-upon-Avon, but that is because a tourist board has made it so. But The Castle, The Trial and The Good Soldier amuse you on every street from Wenceslas Square to the Little Quarter without warning or advertisement.

I have been to Prague four times. The first was in commu-

nist days, when I was introduced to the compulsory interview. Mr Novak, in the ministry of foreign affairs, told me about the peace policy of the Czechoslovak Socialist Republic. He did not listen to my questions and I did not listen to his answers. We understood each other and constructed a perfect intellectual void. A conversation in which nothing was said.

At Charles Bridge, my wife bought a painting from an artist. Nearby, the artist's friend hopped from foot to foot to keep warm; he asked if I wanted to change

So many prisoners were once given solitary confinement that 19 of them had to share a cell

some money, I replied that I could hardly do that in the open, the police were everywhere, and he would go to prison. "They don't worry about me," said the money-changer, grinning and hopping noddily. "I'm an idiot."

Then came the evening with the dissident, just freed, if that is the word, from a freezing Moravian prison. He regretted the failure of Czechoslovakia to experience a real revolution and planned a Maoist future.

The Velvet Revolution came five years later, and I returned. There was a cartoon in a communist newspaper. A man was rolling a huge stone up a mountain. At the bottom stood a bureaucrat in raincoat and trilby, heavy briefcase by his side, saying: "Good news, Sisyphus. You've lost your job."

Crowds gathered outside a

vacant shop at the bottom of Wenceslas Square to watch a film of the last meeting of the national Communist party and laugh at the general secretary, Milos Jakes. They laughed at his grammar, and wrote "Mylos" in spray paint on the wall. A joke. Jakes could not spell either.

Back again, four years after that. En route, I called my bank from Heathrow. At the other end of the line I asked me where I was, it was so noisy. I told him, and he asked where I was going. Prague. "Get me a Dukla Prague away shirt," he said.

I stayed in the suburb of Hostivar, which boasted a Dickensian pub frequented by some of the rougher elements of the local proletariat. In a mixture of generic Slavonic and German, I chatted with a number of its representatives. Football loomed large and, in passing, I mentioned my interest in Dukla Prague. The atmosphere changed; convivial amiability turned to narrowed-eyed hostility.

Dukla was not the local team; worse, it was run by the old secret police. As Svejk would say: "Never mention a football team until someone else does."

And then, in February, I went to a seminar at Charles University. In a break over coffee, a man of 75 told me how he had been locked up and condemned to death by the communists in 1949. The sentence had been commuted to life imprisonment and eventually he had been freed in an amnesty in 1960.

In between, he suffered a period of solitary confinement. He said he had been in with a horse dealer, which surprised me. But, he explained, so many prisoners had been sentenced to solitary that 19 of them had had to share one cell. Svejk and Kafka agreed on the inevitability of his fate.

Prague is the most intact of any European capital. If you want an 18th century set, go to



Prague and just keep the trams away; everything else will be the same. Yet it changes its appearance with its regimes. In the occupation, the palace on the hill was the all-seeing, omnipotent German presence. Under communism, the extravagant towers and

turrets were the battlements of a toytown penitentiary. The changes will continue. As you drive in from the airport, remember the modern highway was called Lenin 10 years ago. It was then named Benes after Eduard, one of the founders of the first

Czechoslovak republic. With the break-up of Czechoslovakia, it became Evropska.

Kafka once remarked: "In the struggle between you and the world, back the world." Prague follows that advice and always wins. It is impossible to make a

film of the real Prague, because it cannot be seen. But when the BBC made a film of the 20th century, Prague was where it started.

James Morgan is economics correspondent, BBC World Service.

Arcadia

Masters of their own destiny

Tom Burns charts the transformation of a rural region of western Spain once mired in poverty

that boasted language laboratories and a computer studies centre.

The trip to Las Hurdes, a high mountain area deep in the western region of Extremadura, provided an extraordinary illustration of the wholly altered face of Spain. It also supplied insights into the changing role of the monarchy in a country where material progress has been matched by political decentralisation.

You are not repeating Don Alfonso's visit, the 1922 chapter is closed and the new chapter is Las Hurdes in modernity, Juan Carlos Rodriguez Ibarra, Extremadura's regional president, told Juan Carlos when he welcomed him in the village of Pínofranco.

At the entrance to the nine narrow valleys that make up Las Hurdes' 417 sq km. It was a statement of the obvious and the king was soon echo-

ing similar remarks. His first engagement was to open a cultural centre at Pínofranco where the chief exhibit is a photographic record of his grandfather's visit donated by the Gregorio Marañón Foundation. "It's all really changed," he said as he looked at pictures of the hovels and their scabrous inhabitants 75 years ago.

Rodriguez Ibarra is a left-of-centre socialist who has run Extremadura since the mid-1990s and earned himself a firm popular base with strong public spending policies. He has encouraged rural co-operatives in Las Hurdes on government-owned land and wanted the king to know about his plans to set up a game reserve to attract ecologically conscious tourists.

The politician's theme was that the area could now stand up for itself and did not need emergency aid, only a fair deal. It was picked

up by José González, Pínofranco's mayor and a Rodriguez Ibarra protégé, who said the black legend of Las Hurdes was over and that the last thing *hurdanos* wanted was to be reminded of it.

Back in 1922, Marañón had recalled how Alfonso, once he had overcome the milk incident, had been left speechless by the sight of the hovels. But Juan Carlos had deftly caught the new mood. "You have become a reference point for all Spaniards," he told the *hurdanos*, "because you have discovered how to make yourself masters of your own destiny."

In Pínofranco, where no house now looks less than 20 years old, González, who breeds honey bees when not attending to his mayoral duties, handed the occasion with aplomb. "You

are the best guarantor of integrated regional development now that centralism has been superseded," he told Juan Carlos. The message was that the monarch's job in Madrid was to ensure that national income was evenly spread.

Alfonso had attempted as much after his visit by creating a development agency, with Marañón on its board, that channelled funds into Las Hurdes to build roads and set up its first medical centres and schools. Ten years later, the film-maker Luis Buñuel, however, produced *Tierra sin pan* (Land without bread), a documentary that savagely charted how misery persisted in the beautiful slate-strewn valleys.

By that time Alfonso had lost his throne and a republic had been proclaimed. It was left to General Franco, who crushed the republic during the Spanish civil war and eventually appointed

Juan Carlos to succeed him, to bring electricity and telephone lines to Las Hurdes in the 1960s. By the 1980s, a network of rudimentary roads entering the different valleys was in place to supplement the one built in Alfonso's day that passed through Pínofranco.

It was the arrival of proper infrastructure, of information and communications, that changed the lot of the *hurdanos*. The most enterprising among them emigrated to the big towns and to the costas where resorts were mushrooming to cope with package-holiday demand. Their savings returned to Las Hurdes and went into new housing.

In Pínofranco, Avelino Sanchez, whose mother remembered Alfonso's arrival in the village, has built a well-appointed villa after spending 21 years in the Canary Islands where he ended up owning a cafeteria in

Las Palmas. He is now installing a camp site on Pínofranco's outskirts near a fast-running river, and his son is studying geology at Salamanca University.

In El Gasco, the most inaccessible of the hamlets that Marañón encountered in 1922, Domitila Panadero has all five of her children studying in Salamanca and the eldest has qualified as a teacher. She, too, has moved into a new house thanks to earnings from honey and cherry crops, but the slate-built hovel where she was born still stands, occupied now by a mule.

Local politicians want the king to ensure that the Madrid government never lets Las Hurdes fall behind again. Rosario Terrón, 85, had a different request to make when the monarch dropped in on her in the village of Casar de Palomero. She showed him the makeshift room where Alfonso had slept (her parents had the only moderately habitable house at the time in the area) and then asked him to do something about her pension arrears.

When the king visited Las Hurdes in 1922, he found a region of extreme poverty. Today, it is a region of relative prosperity.

WATCHES, CLOCKS AND JEWELLERY

In spite of economic turmoil in Asia, the industries continue to expand. Michael Balfour, who wrote this survey, reports

Doors are open to timely exhibitions

When the world's watch, clock and jewellery businesses gather in Switzerland this week and next, they will be able to reflect on a year in which - for some exporters at least - weaker shipments were more than offset by a move towards higher value products.

Two big Swiss trade shows bring the industry's manufacturers, distributors, wholesalers and the bigger retailers together. They serve as the first and foremost companies at the luxury end of these markets, but are also a rendezvous for those handling such less glamorous products as inexpensive timepieces, 9ct gold rings and chains, and loose gemstones.

The first of these meetings is the eighth annual Salon International de la Haute Horlogerie (SIHH), which has been open to trade visitors since yesterday in the Palexpo exhibition halls in Geneva, and ends on April 24. This event is dominated by brands in the Vendôme Luxury Group. They include leading brands such as Alfred Dunhill, Baume & Mercier, Cartier, Montblanc, Piaget and Vacheron Constantin. This year there are new exhibitors and the top end of the wristwatch industry will be further represented next year.

The other big event is the World Watch, Clock and Jewellery Show in Basel, which admits trade and public visitors between April 22-29. Arguably, this the world's foremost event of its kind. This year there will be 2,349 exhibitors - 612 with watches and clocks, 1,265

with jewellery and gemstones, and 473 with related products, such as machine tools and publications.

This is the last year the show will take place in its present buildings. As soon as the show closes, a complex of new halls will be built on the site. The new building is designed by the Zurich architect Theo Hotz and will cost Sfr300m (US\$202m). The historic facade overlooking the Messplatz is to be preserved.

The location of these two shows underlines the historically central role that Switzerland has played in the watch, clock and jewellery businesses. In 1997, Swiss watch exports passed the Sfr8bn mark for the first time, according to the Federation de l'Industrie Horlogère (which calls itself FIH for short). The export figure was up 10.1 per cent on 1996, with demand dominated by Europe and North America.

Growth by value outstripped growth by volume, indicating that customers were trading up in their purchases. In 1997, Switzerland exported 32m finished watches, down 6 per cent on 1996. Exports of plastic watches were down a hefty 22 per cent, but wristwatches in gold cases were up 4 per cent.

The trend in 1996 towards stainless steel models continued through 1997, producing an increase of 27 per cent by unit and 34 per cent by value. The combination of 18ct yellow gold and polished stainless steel in cases and bracelets also continued to appeal last year, with Swiss exports rising 7.1 per



The new Constellation Chronograph from Omega houses mechanical and quartz movements

cent by value.

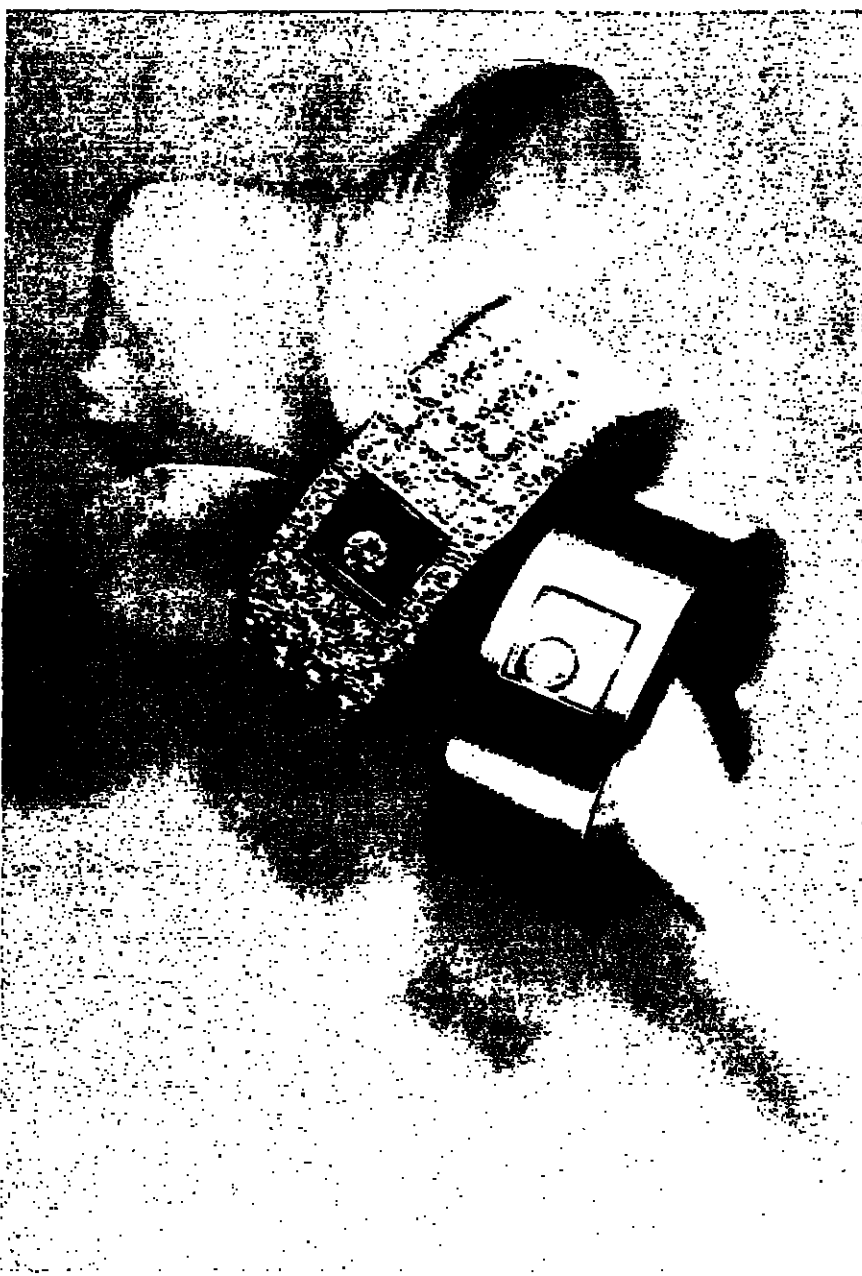
Fifteen countries between them accounted for 84 per cent of Swiss exports in 1997 by value, according to the FIH. The largest increases were shown, in order, by Spain, the Netherlands, Italy, and the United States. The impact of the Asian crisis shows up in these figures in a drop in exports to Hong Kong of 9.5 per cent in the last quarter of 1997. Exports to Thailand fell 13.8 per cent in the same period, thanks both to the direct impact of the crisis and to a 25 per cent increase in customs duties in October.

The largest Swiss watch group is SMH, which increased its operating income last year by 53.6 per cent. Its unit sales of watches, movements and stepping motors amounted to 116.1m. This holding company manages brands such as Blancpain, Hamilton, Longines, Mido, Omega (which enjoyed an exceptionally good year), Rado and Tissot.

SMH also owns the very successful Swatch brand. More than 250m Swatch watches have been sold since 1983, and SMH is change its name this summer to The Swatch Group of Switzerland. The Swatch brand is now managed by G.N. Hayek, son of Nicolas G. Hayek, the group's 70-year-old founder, who is chairman and probably Switzerland's best-known marketing figure.

Quartz watches denominated Swiss exports by volume, but mechanical watches are still nearly as important in terms of revenues. Last year quartz watches accounted for 91 per cent of exports in units. By value, however, the figures look very different: mechanical wristwatches (wind-up and automatic) represented 47 per cent of exports by value.

In the UK, the gap between the luxury and economy ends of the watch market is clearly visible.



Two rings in Chopard's distinctive collection of Happy Diamonds jewellery, which is complemented with a wristwatch range

Unit sales of watches have been rising in the past five years, after a drop in the 1990-92 recession. In 1997 16.4m units were sold, at an average price of only £33.80.

Mintel, the market researchers, attributes this low figure to the growing trend towards ownership of two or more wristwatches.

In 1996 Hong Kong supplied 68 per cent of the UK market. Switzerland was the next largest at 9 per cent,

followed by Japan (5 per cent), the EU (mainly France and Italy, at 4 per cent), and other suppliers at 14 per cent.

Of these sales, 37 per cent take place through jewellers (a declining figure), 27 per cent from catalogue showrooms, 9 per cent by mail order, 3 per cent in fashion and department stores, and other outlets 24 per cent.

Luxury wristwatches - those retailing above £500 -

have 2.6 per cent of the UK market by volume, but 51 per cent by value, and about 55 per cent of these sales occur during the last quarter of the year.

The largest single site retailer in the UK is the David Morris International Watch Room in Selfridges, which handles 25 brands. Last year it sold 16,000 timepieces were sold. The room is moving to a new location on the store's ground floor

early next month. This year's innovations include a £1m diamond-encrusted wristwatch (see picture page 5).

Paul Clayman, managing director of Watches of Switzerland (a subsidiary of the Asprey Group), has noticed a trend towards white metals and platinum for wristwatches with what he calls "minimalist" designs. Diamond-set gentleman's wristwatches do not sell particularly well, he says, but Rolex continues to be his top seller. Watches of Switzerland's Rolex showroom has just moved from New to Old Bond Street. He says other top luxury brands sell well on a leather strap.

Another big UK retailer is the Goldsmiths Group, under the guidance of chairman Jurk Paszek. It now has 138 stores in the UK. Between 1pm and 4.30pm on December 24 last year these stores posted sales of £1.2m.

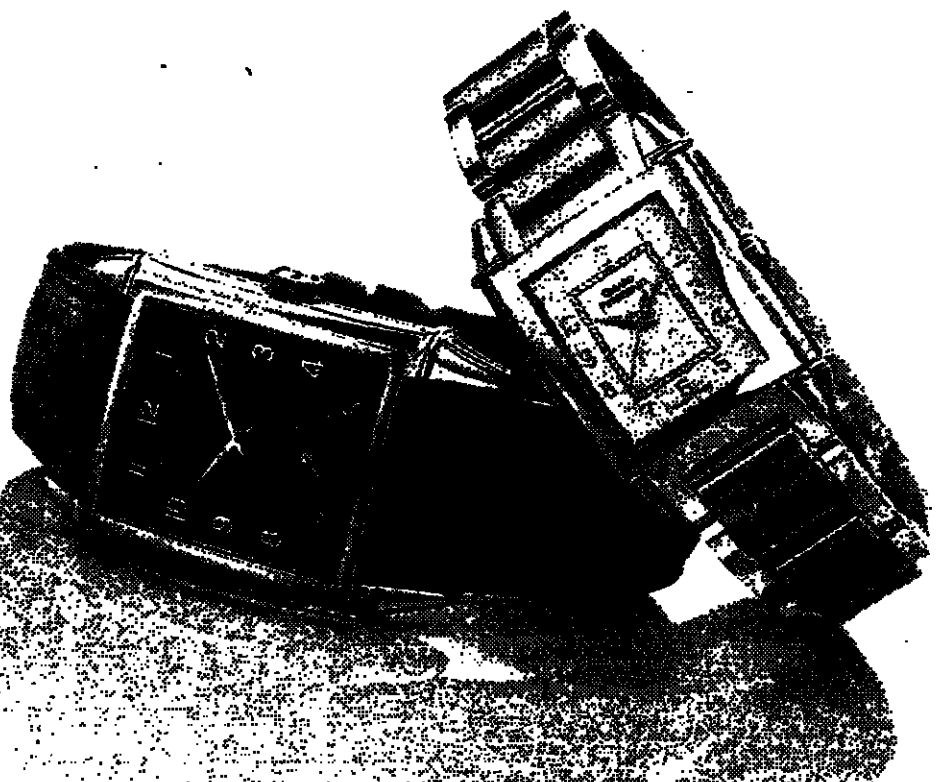
Big changes in the wristwatch retail industry are foreseeable. One affects the selling environment, and stems from the ending of duty-free shopping within the European Union in July 1999. This will inevitably change the balance of advantage between city centres, stores and airport sales, within the EU at least.

Duty-free shopping has in any case been affected by the Asian crisis. DFS, the duty-free affiliate of France's LVMH luxury goods company, has recently requested extended credit terms from its suppliers.

The second factor at work is another technology shift, spurred by the increasing miniaturisation of computing and communications power. In June this year Seiko will be launching a "computer" on the wrist. The Rupture, as it is known, will have a 16 bit processor and 128k of random access memory (RAM). It will be compatible with Windows 95.

Meanwhile, Nippon Telegraph and Telephone has developed a wristwatch telephone, which can be dialled through voice recognition technology. In about two years, "ladies who lunch" will be perfectly equipped in restaurants where mobiles are forbidden.

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2 WATCHES, CLOCKS AND JEWELLERY

PROFILE **Parmigiani Fleurier**

Collectors' paradise

What the French call *haute horlogerie* (luxury timepieces is perhaps the best translation) is a manufacturing operation being undertaken in great style high in the Val de Travers in Switzerland, behind a brass door plate which reads *Parmigiani, Mesure et Art du Temps*. This is the factory of 47-year-old Michel Parmigiani in the quiet town of Fleurier and inside more than 80 skilled men and women are fashioning some of the finest timepieces now coming on to the market.

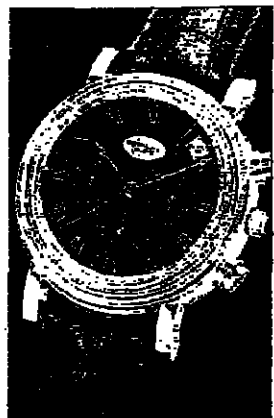
Mr Parmigiani started his enterprise in the area where he was brought up in 1975, and has been determined to restore to Fleurier its watch and clock-making traditions, with almost Quaker-like zeal. The company has in the past seen factories such as Bovet, Jequier, Juvet, Tixier and Vaucher come and go. Indeed, Michel Parmigiani started out by acquiring the fine old Bovet brand name, but he later sold it to Prestige Time in Geneva where it has been separately revived.

The young maître Michel started out as a repairer of watches and clocks, and today he places great importance on his repair and service department where young apprentices can learn their trade. They learn and he profits from the 10 per cent of the business that flows through it. This undertaking is doubtless a reflection of the fact that the young Michel Parmigiani attended a watchmaking school in Fleurier in 1961-69, and subsequently studied in La Chaux-de-Fonds, Le Locle and Neuchâtel. After his long and arduous apprenticeships he established his own company in Fleurier in 1990 with the highest ambitions. As his beautifully produced catalogue states: "He is the guardian of a 450-year-old tradition, from the elucidating heritage of Renaissance clocks to marine chronometers and including planetariums, automata, striking jacks and music boxes. The culture acquired includes setting off the working material."

The last statement means



Michel Parmigiani determined to restore to Fleurier its watch and clock-making traditions



A new automatic chronograph by Parmigiani Fleurier. Note the unusual date window position

that he and his co-workers rework to a fine degree any parts brought from outside suppliers. For example, Michel insists that each watch screw supplied (barely visible to the naked eye) is polished both on top and around the sides for 15 minutes.

This remarkable attention to detail helps to explain why this company spends 400 working hours assembling a minute repeating watch, and why it takes an incredible 10,000 working hours to make a unique quarter-striking minute-repeating table clock.

The office headquarters of Parmigiani Fleurier are in a very elegant chateau in the middle of the town (of about 4,000 people). Management and other meetings are conducted there in great style, and if there are guests they can visit the small private museum there, which houses some of the fine pieces from the factory just down the road.

In a sense, the word factory is a misnomer, because the company, in any one year, produces between 200 and 350 timepieces. It is arts and crafts here, not mass-production. And these pieces include wristwatches, pocket watches and table clocks - all of them of great complexity and great beauty.

They become instant collectors' pieces. Each bears a unique number, and the first to be hand-engraved was 1950, the year of Michel Parmigiani's birth. So, how

are these beautiful timepieces sold at their very high retail prices? The answer is perhaps unique in the world of watch, clock and jewellery manufacturing. For Parmigiani Fleurier employs no sales people and no distributors. Its pieces find buyers at lavish international exhibitions and other events, and the good old-fashioned word-of-mouth system backs up the publicity which accompanies and follows these occasions. Customers have to be approved before sales occur.

The founder of the massive Swiss Sandoz pharmaceutical group, Edouard-Marcel Sandoz, was also an artist and sculptor. In 1964, the Fondation de Famille Sandoz was set up for a wide range of purposes. Thirty years later it acquired a 51 per cent holding in Parmigiani Fleurier, in keeping with its policy of investing in excellence. Thus it is that Michel Parmigiani has understanding resources behind him, as he brings forward new timepieces.

Parmigiani Fleurier's debut at the SIHH in Geneva this year will see displays of two new wristwatches - a minute repeater in platinum, and an 18ct yellow gold tonneau-shaped model, with a power reserve indicator and subsidiary seconds at 6 o'clock. Both are mechanical, to be hand-wound - after all, they were made by hand, in a class act that horological history will note.

BASLE 1998 WATCH PREVIEW

Something new, something old

The show is the highlight of the year and 100,000 visitors are expected

Six hundred and twelve exhibitors will be displaying their horological wares from April 23-29 in the World Watch, Clock and Jewellery Show in the ancient university city of Basle. This long-established event is the industry and visitors will be inspecting completely new products in prototype forms and successful stock lines which might stretch back decades. These old stock lines regularly produce profits.

The tooling up costs of a new wristwatch are, of course, substantial. They start nowadays with computer-aided visuals and part designs, and these are quietly discussed with principal foreign distributors whose on-the-ground opinions are always valued.

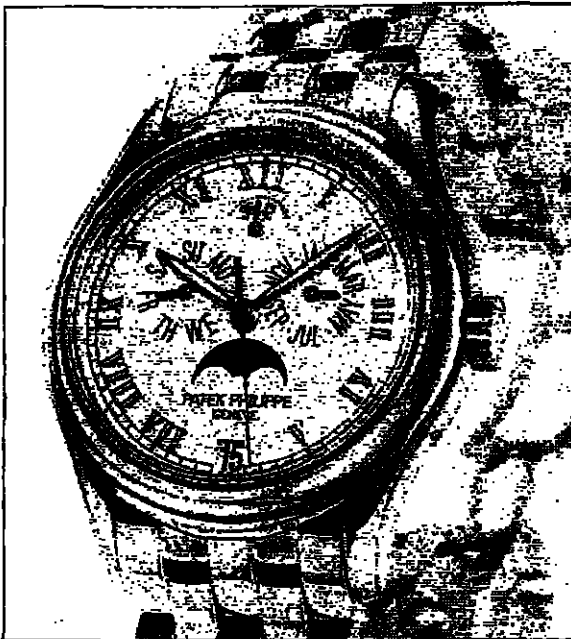
The Basle Show was first held in 1951. In recent years the general public has also been admitted, for an entrance fee, to enjoy the sight and feel of many millions of pounds' worth of timepieces. Security is tight, and constant and around the clock.

The show authorities crack down very hard on any company or person connected with proven counterfeit products. The problem has become serious in recent years. Cartier, to take one example, spends more than \$5m a year in its never-ending battle against the problem. The three brands most faked are Rolex, TAGHeuer and Cartier, which each have distinct and separate markets, and are prominent exhibitors at the shows this month.

Rolex has about 1,200 employees in Geneva, and has long been a prominent presence in Geneva. One of its directors, Jacques Duchêne, is the president of the exhibitors' committee of the Basle Show. He is, of course, closely involved with the rebuilding programme for the exhibition halls which commences at the end of this year's Basle Show.

This year the Basle Show offers a web site and a new quality newsletter with a circulation of 20,000 in 105 countries, as it renews its essential contacts with visitors from all over the world. In terms of units it is generally agreed that the top best-selling brands are Swatch (part of SMH), Rolex (controlled by family trusts), Raymond Weil (privately held) and TAGHeuer.

TAGHeuer International SA saw its sales up 13 per cent in 1997, at SwFr474.1m, and net income increased by 18.3 per cent. It is following a policy of purchasing its exclusive distributors. Chris-



Patek Philippe's new gentleman's Annual Calendar mechanical moonphase watch. Note the unusual IV



Tiffany's new white gold and diamond watch with a matching bracelet. This Atlas collection appears in the Basle Show



Corum's new Tabogon Racing wristwatch which doubles as a desk or bedside timepiece. It comes in a choice of bracelets

tian Viros recently commented: "We are very pleased with the company's results for 1997, which was a year of significant reorganization, including the integration of our distribution in the UK, Japan and Australia." TAGHeuer shares are listed on both the Swiss and the New York stock exchanges.

The expected 100,000 visitors to the Basle Show this year will see much to delight them. It is said that Audemars Piguet took 16,400 orders last year.

Jaeger-LeCoultre will be taking the wraps off new Reverso models, Corum will be showing a new automatic version of its innovative Tabogon model, and Eterna will be proudly showing its new Porsche Design collection. Chopard's new black stainless steel Mille Miglia 1988 will be displayed, as will the new Cape Cod Grand Soir by Hermès which is arriving in a diamond encrusted case, and with a mother-of-pearl dial which has pleasantly eccentric Arabic numerals. Bertolucci's Mini Poesie is a hand-crafted elegant timepiece, again with diamonds and moth-

er-of-pearl. Breitling's highly original exhibition booth always contains surprises. This year its new B-One will be drawing the crowds. It is a multifunctional chronograph, incorporating an alarm, perpetual calendar, countdown timer, second time zone function with its own alarm, oversized hands and night time backlighting of its dial - all Swiss made, and probably another winner in Breitling's string of watch innovations which go right back to 1884. Breitling's Navitimer, a best-seller over many years, will again be attracting new fans and more orders.

Another wristwatch classic is the Eterna-Matic, with its unique ball-bearing rotor automatic movement, and it celebrates its 50th anniversary at Basle this year. The Grenchen-based company is issuing a limited edition of 999 replicas of the original model in stainless steel and 99 pieces in 18 ct pink gold.

This year Christian Dior presents to the trade its first "spring" watch for the wrist. Touch a secret button and up files the stainless steel cover of the Pandora, to

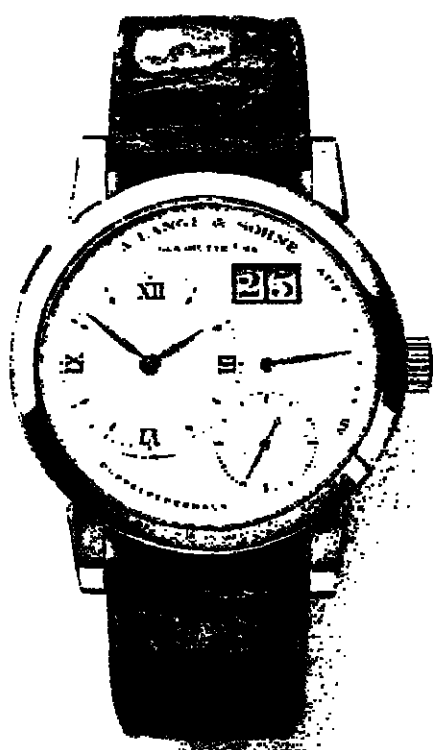
reveal a quartz-driven time of the day. It comes in a choice of coloured leather straps or a buckled CD motif stainless steel bracelet.

The French watch industry which has 123 exhibitors at Basle '98 has flourished for centuries, and has produced perhaps the greatest innovator, Abraham-Louis Breguet (1747-1823). The contemporary French scene consists of 150 enterprises, of which 39 are pure watch makers, and which in 1997 produced 7.5m timepieces. Exports from the French industry last year amounted to FFfr3.3bn. Completed watches, bracelets and completed parts contributed FFfr2.4bn. The principal imports of such products are listed in order by the Comité Français de l'Horlogerie, de la Bijouterie, de la Joaillerie and de l'Orfèvrerie (known as CFHBJO) as follows: Switzerland (a surprise

but then there is a shared border), Hong Kong, Italy (notable for its interest in contemporary horology especially if fresh case and dial designs are in evidence), Germany, the United Kingdom, Spain (which has lately taken to importing a fast increasing number of foreign timepieces), the Philippines, Japan (a low place considering its affection for French luxury goods, but the weakness of the yen has affected its market), Belgium (mostly the prosperous Brussels, as its euro dreams draw near to reality), and the US (which has no wristwatch industry of its own).

The new president of the CFHBJO is Jean-Claude Herbelin, the CEO of Michel Herbelin, founded in Chaux-de-Fonds, in 1947, and now producing more than 150,000 wristwatches a year, for its markets in more than 50 countries.

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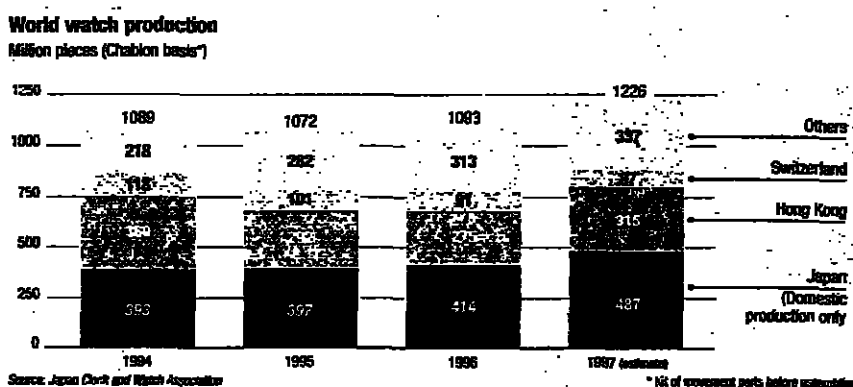


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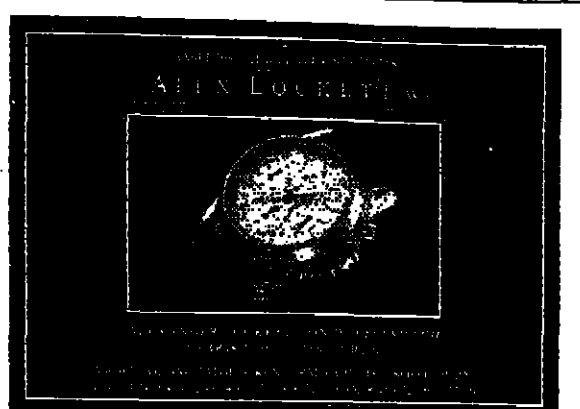
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MARKETING AND BRANDS

Trade marks stretched

Companies with world-famous brands are now moving into timepieces

The 1994 Trade Marks Act was confirmation in Britain of the European Union's determination to see registered brands protected so that their owners could obtain benefits and profits and provide more jobs from their initiatives.

The cross stretching of brands into wristwatches can now be witnessed around the world. Next month sees the arrival of Calvin Klein wristwatches, in a joint venture with SME, the giant Swiss watch conglomerate. The main Calvin Klein line consists of, in fashion language, the cool, classic Evidence and Icon models, while the ck timepieces are younger looking and more sporty. The ck watches are variously called Dress, Minimal, Tech and Versatility.

Gianni Versace, the Italian fashion group, has postponed its public flotation until next year, but plans for a new line of wristwatches, designed by the recently deceased eponymous high-fashion guru, have gone ahead, and have been previewed in Geneva this week. The event took place at the elegant headquarters, just outside Geneva in Genthod, of Franck Muller, whose factory in the same place has produced the timepieces. In various metal and gemstone settings the three lines, Modern, Vanguard and Three Time Zones, are, of course, exotic, in tune with the Versace projected image. The latter watch uniquely offers three different time zones at the push of a single crown or winding button.

Hugo Boss claims to be the number one clothing business in the world. BOSS Hugo Boss wristwatches have recently been launched in international markets. The Metropolis and Spirit collections present an elegant selection of Swiss-made watches, designed by Jorg Hysek, the designer of TAG

Heuer's Sjel range and recent Omega models. They come in the £286-£760 price range. The BOSS Hugo Boss Ranger is being launched this month, and the quartz chronograph, powered by quartz like the rest of the collection, is a stylish thing.

Guess is a prominent example of cross stretching of brands, and its new collection consists of 24 distinct designs in men's and ladies' versions. And they are very elegantly packaged.

There is now a Marks & Spencer wristwatch, sourced from three separate suppliers, Accurist (of speaking clock fame) among them. A Tesco timepiece cannot be far behind if Terry Leahy, chief executive, fulfils his brand expansion plans.

Ferdinand (Ferry) Porsche died late last month. He once said: "In my view, one shouldn't simply package things without being aware of what's inside. You have to know what the object's function is supposed to be and go on from there." On April 1 Eterna and Porsche Design announced a new collaboration and a new range of wristwatches (distributed in the UK by Corum). Mr Porsche's involvement with watches dates back to 1973 and his first chronograph, in association with International Watch Company (IWC on its dial). A pedigree continues. Eterna, now owned by Porsche, the world-famous car marque, opened for business in Granchen in 1858.

For Zeon Ltd, big means many. It is, in terms of timepieces sold, the UK's largest timepiece company with a turnover of more than £28m, and a market share of 15 per cent, according to Mintel. It is a subsidiary of Hong Kong-based Herald Holdings, which was founded in the mid-1950s by George Bloch.

Zeon's great strength is its range of character watches, and it reckons to have about 60 per cent of the market in the UK, with brands such as Action Man, Barbie, Head, 101 Dalmatians, Ingersoll, MTV, Sesame Street, Spice Girls, Superman and Wrangler. Zeon also makes Far East-sourced, own, label, wristwatches for stores such as Disney and Next. Zeon's UK market share is thus easy to understand.

A close competitor for a slice of this market is UK Time, part of Timex Corporation of the US. Timex was once the last assembler of watches in the UK (in Dundee), but trade unions ended that enterprise. Timex is about to launch the new All Day Indiglo, which offers the first significant change to a liquid crystal display (LCD) screen since the 1970s. ADI uses holographic film (developed in conjunction with Polaroid), which bends visible light to produce a much clearer digital reading in daylight.

In the early 1980s Timex involved itself with the testing triathlon sport. The result has been rewarding: the Ironman Triathlon wristwatch has now sold more than 15m units worldwide. Personal preferences sometimes mystify: both Bill Clinton and Dustin Hoffman wear one. The triathlon becomes an official Olympic sport at the Sydney Games in 2000.

UK Time, in its market battle with Zeon, also distributes such brands as Acqua, Carriage, Datelink, Disney (some watches, but notably the hugely successful Winnie the Pooh), Essentials, Expedition, Gizmoz, Nautica, Timberland and, naturally, Timex.

Mondaine Watch, based in Zurich, is introducing at the Basle Show its new Stop To Go wristwatch. It boasts the railway station clock function that has fascinated travellers in Switzerland since the 1940s. To guarantee that the Swiss network's 3,000 clocks give exactly the same time, their red seconds hands stop for part of a second at 12 o'clock to provide for renewed perfect synchronisation. Now the Mondaine wristwatch does the same. Mondaine has recently signed an agreement to produce Bally timepieces with the Swiss shoemaker. There are no boundaries in the fiercely commercial world of cross branding.

Innovations in all trades arrive with exciting regularity, and the watch trade is never an exception. For example, The Spirit Chronometer Company is about to introduce yet another brand called Millennium, at around £30 retail. It offers a countdown to Friday, December 31, 1999, via a liquid crystal display window at 6 o'clock, and is also water resistant down to 30 metres - just in case the millennium computer bomb seriously threatens a wearer's business.

A similar water resistance is available in an Andy Warhol Marilyn Monroe 1962 quartz watch, produced by Zitura in a limited edition of 99 pieces. The plain rectangular case enshrining the screen goddess in full colour in the unnumbered dial will appeal to all collectors.

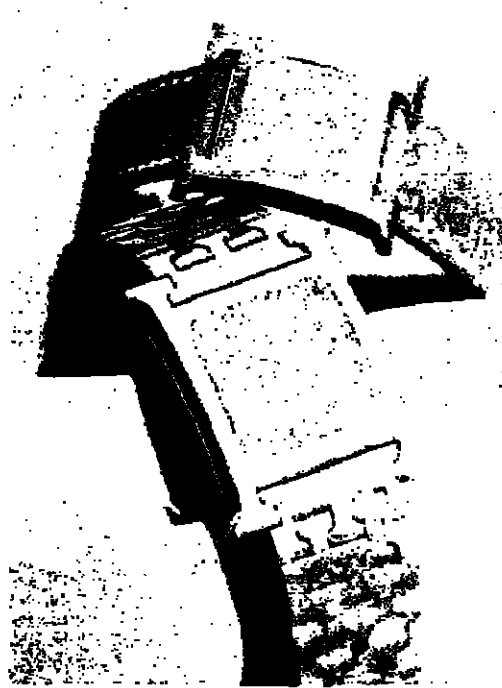
Eberhard, founded in Switzerland in 1897 and long a maker of fine timepieces, has introduced an intriguing mechanical wristwatch called 8 Days. A full manual winding produces eight days of power reserve, which a single subsidiary dial at 9 o'clock indicates. Newer makers are coming forward with appealing pieces. One is the Versailles-based Roger Cornet's line of Trianon. The new stainless steel version shows on the dial part of its mechanical movement crafted by Frédéric Piguet, and it stands out nicely against a simple white dial. More challenging in terms of design concept is the Moments range by Alex. The name may sound pedestrian, but the designs, in stainless steel, by Georg Blum are "puffy" and very striking.

While Breguet is this year introducing a perpetual calendar with a fluted case-band, Hermès has resorted to forests for inspiration for new bracelets. There are now Loquet wristwatches (with hinged covers) on stainless steel bracelets, with skins of pear wood running along them, while Hermès gold-plated bracelet version features Mexican pallisando wood, which is darker. This year at Basle Hermès is having fun with their popular Cape Cod and Clipper models: their leather

straps wind around the wrist twice. Next month sees the introduction of both round and rectangular stainless steel quartz watches in the Miro range from Maurice Lacroix, in the £500 price bracket. Notable, too, are the company's Flaba and Selena ranges for the everyday, time-of-the-day market. This price point is probably central to the "special occasion" purchase.

This is where Goldsmiths, the UK jewellery group, comes in. The publicly quoted company, headed by Jurek Piasocki in Leicester, last week announced pre-tax profits of £6.93m (£6.02m last year) on turnover of £30m (£27.4m). The company opened 15 new branches last year, and plans to open a similar number in 1998. However, for currency reasons, margins on wristwatches were lower than on jewellery items, but during the rest of this year this imbalance should adjust itself.

Independent jewellers - the mainstay of many county high streets - benefit, in terms of margins, from disciplined buying groups, such as the Houlden Group in the UK, chaired by Stuart Laing. The Goldsmiths Group has noted a slight decline in its Rolex sales, and so its margins suffered accordingly in its 139 outlets. Those at present bearing the Walker and Hall banners are to be converted to the Gold-



Hermès 'H' wristwatch, which is beautiful and useful

An elegant watch from the new Style de Chaumet collection, featuring a pink silk taffeta strap

smiths name, and will perhaps power the increasing sales of brands such as Cartier, Gucci and Omega.

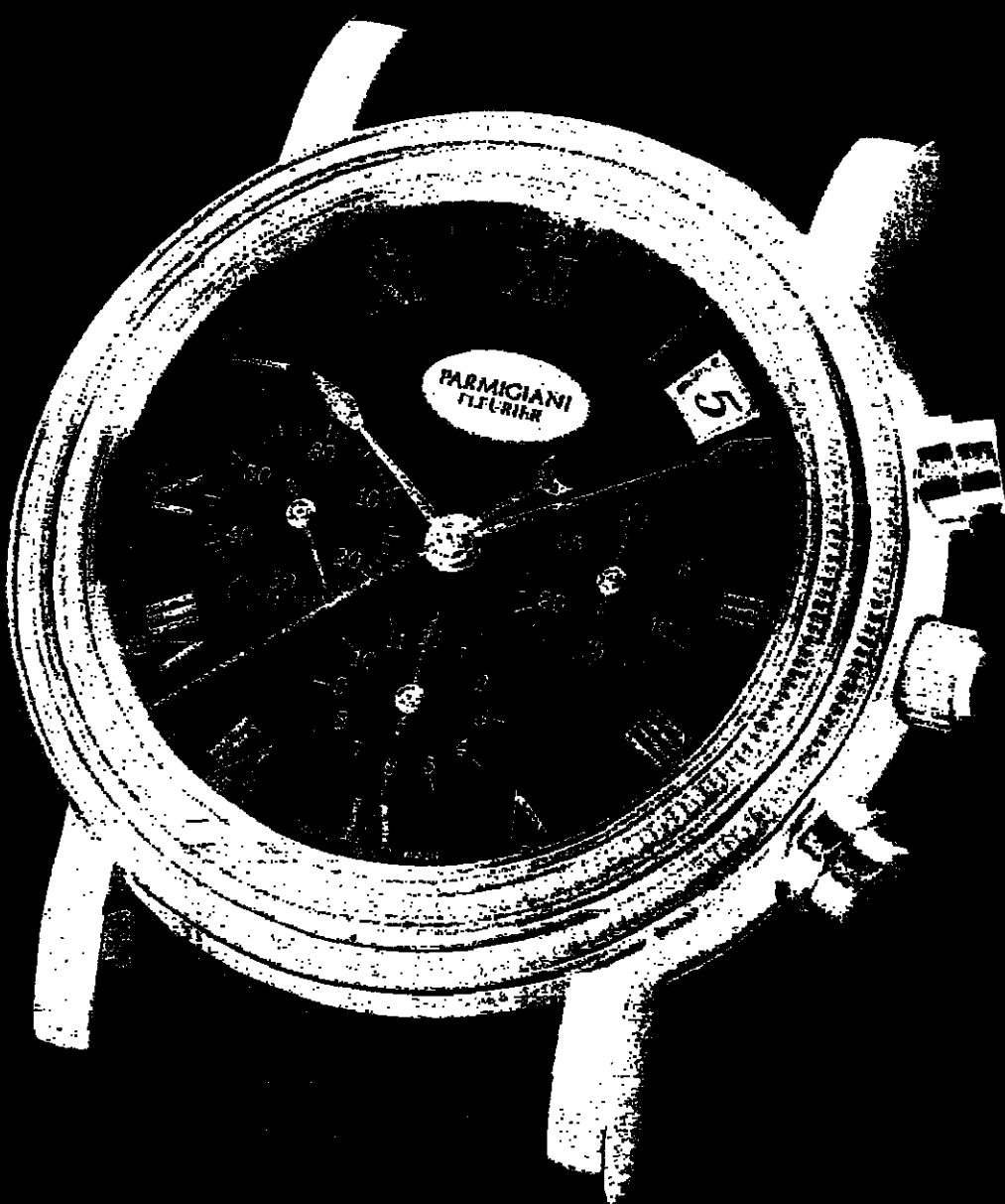
The Signet Group (formerly Ratners) also announced a profits jump last week of more than 50 per cent, under the chairmanship of James McAdam. Its turnover increased by 6.9 per cent, like for like, to £927.9m to produce pre-tax profits of £68.7m. Its US chain, Kay, outperformed its main competitor, Zales, and accounted for 62 per cent of group profits. The UK companies performed modestly with sales at H. Samuel up 1.8 per cent and at the more up-market Ernest Jones up 7.8 per cent.

Remote shopping is on the increase, and the trend will not reverse in the foreseeable future. Customers are changing their habits. For example, the Centre International De Formation Continue Horlogerie - Bijouterie (Institut CFH), based in Neuchâtel, which, on a non-profit-making basis has been serving the industries since 1963, now offers what it titles an "Interactive CD of Watch Product Knowledge". Now a computer owner has access to a pocket-sized training instrument that, with efficient use, can lead to increased brand awareness, sales and profits. The CFH states: "As a person retains 10 per cent of what he hears, 30 per cent of what he sees,

and 70 per cent of what he does, with an interactive CD, he learns a maximum."

Reputation and integrity are closely guarded by watch brands. Among the success stories are Adidas, Camel Trophy, Ellesse, Fila, Lacoste and Sector which will be strongly in evidence at Basle. To isolate Adidas, its sportswear revenue in North America alone in 1997 was \$1bn. On the back of that turnover, wristwatches that can accurately time sports events have a clear and profitable position in their market places.

Many luxury watch brands associate themselves with big sporting events which, by themselves attract wide publicity. Cartier and Dunhill sponsor polo competitions. Corum sponsor the Admiral's Cup, thus bringing into annual prominence its famous wristwatch of that name. Chopard is associating itself with the Mille Miglia road race for the tenth year in 1998, and is marking the occasion with a stainless steel round easy-to-read chronograph automatic (of its own making) with a black dial and three ultra-clear subsidiary dials. Its rubber strap is a clever reproduction of a Dunlop treaded tyre, which will be appreciated by the competitors in the Italian race, who will each receive a complimentary model with his or her departure number on the back plate.



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4 WATCHES, CLOCKS AND JEWELLERY

SIHH EXHIBITION

Luxury pieces steal the show

This trade-only event offers ample space for the few invited exhibitors

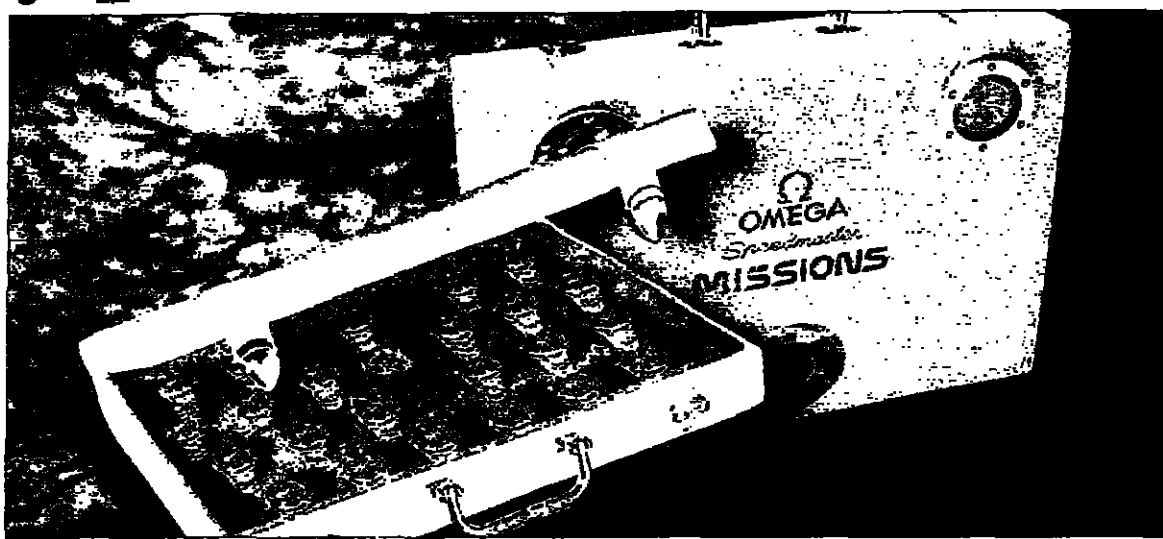
The Palexpo exhibition halls between Geneva's city centre and the airport are again host to the annual Salon International de la Haute Horlogerie (SIHH) (17-24 April) now in its eighth year.

This trade-only event offers ample space for the few invited exhibitors and discreet meeting rooms for the trade. The core exhibitors are members of the Vendôme Luxury Group (VLG), which not long ago was taken private by the South African Rupert family, and include Alfred Dunhill, Baume & Mercier, Cartier, Montblanc Meisterstück, Piaget and Vacheron Constantin (an early 1997 acquisition). Also present will be Yves Saint Laurent and Officine Panerai (acquired by VLG last week), brands which are distributed by Cartier.

This year three independent watchmaking concerns join this prestigious event - Daniel Roth, Gerald Genta, and Parmigiani Fleurier, while Franck Muller will be absent this year. The new exhibitors will further enhance the displays of heritage, craftsmanship and the culture of fine watchmaking.

The SIHH, which is a private organisation chaired by Yves Piaget, is expected to entice further quality exhibitors next year. Already Audemars Piguet, Breguet and Girard-Perregaux have registered for 1999. Patek Philippe has recently announced that it will definitely not be moving from the Basel Show. Nor is Rolex expected to. About 7,000 trade visitors are expected this year in Geneva.

Johann Rupert, chief executive of Compagnie Financière Richemont, now the fully-owned parent of the Vendôme Luxury Group, has a high appreciation of the qualities of his stable of luxury watches, and while he allows them complete autonomy as long as the figures look good, he has commented: "All our brands, even Cartier, will require a lot of investment over the next 10 to 15 years. As a family-controlled company we can afford to take a long-term view." It is known that sales of jewellery and gold watches increased by 45 per cent in the first half of 1997, and chairman Joseph Kasouli sees no downturn in total sales in spite of difficulties in some markets.



A collection of 23 Speedmaster Professionals by Omega, to celebrate the 40th anniversary of the model - the one that went to the moon

which was launched to huge acclaim in 1958, now accounts for 12 per cent of all its watch current sales, according to Arnaud Bamberger, managing director of Cartier in London. This year at the SIHH Cartier will be launching a new Pasha (the brand goes back to 1932), and this time it is a model specially designed for women, with a choice of three golds - in white, pink and yellow with diamond settings. The polished case is in 18ct yellow gold and elegantly houses the automatic movement. For gentlemen, Cartier this year presents a new version of its Tortue model (which first arrived in 1912 - Cartier nurtures its brands forever, it seems). This wristwatch features a single push-piece within its crown for activating the chronograph mechanism. It has two subsidiary dials, and incorporates the traditional Cartier adjustable deployant buckle

on its alligator strap. Trade contracts at the SIHH in Geneva will also be taking a very close look at Cartier's new tourbillon bridge intertwined Double C Pasha in white gold. This beautiful transparently-cased timepiece has been developed in association with Girard-Perregaux's exclusive haute horlogerie hand manufacturing floor high up in G-P's main building in La Chaux-de-Fonds.

Baume & Mercier made a considerable impact last year with its highly successful Cartwalk model (which now arrives in an additional diamond-set version). And this week in Geneva it is showing its new Capeland gentleman's version. Baume & Mercier's Hampton brand is the company's best-selling line, and the new K version is being seen for the first time. Eugene A. Maier, president of the company, will be

proud of the trade orders that are bound to be recorded.

Daniel Roth participated in the first SIHH event in 1991, and this year he is back, with his instantly recognisable case shapes incorporating complicated mechanical movements (particularly tourbillons). Gerald Genta also reappears this year, and is noted as one of the world's great innovative watchmakers. His new Night and Day is on view. He is known for his vastly complicated (a trade term) Grande Sonnerie, and also for a sophisticated Mickey Mouse timepiece.

Parmigiani Fleurier is a first-time exhibitor at the SIHH. Michel Parmigiani started his career as a watch restorer, and in a short time has become a maker of just a few remarkable timepieces a year. Low on quantity and very high on quality.

The dependency on clocks for the time of the day, instead of sundials, goes back many centuries. A quarter striking church clock not only beckons worshippers but until less than a century ago regulated life in country areas.

In Britain in the first world war such was the scarcity of pocket and wristwatches among agricultural workers that grandfather and the smaller grand-mother clocks were carried out into the fields each day. The clocks were plentiful because until a little over a century ago there were many thousands of clock-makers all over Britain.

In the 18th and 19th centuries Lancashire and Yorkshire had concentrations of clockmakers, and they also supplied rough movements and special parts to London makers and finishers which were mainly in the Clerkenwell area and the present City of London.

The Worshipful Company of Clockmakers, established in the City in 1631, is one of the 86 remaining companies that are directly descended from medieval craft guilds which controlled trades in the Middle Ages. Organised control of some crafts and trades stretch back to the 12th century. These monopolies were not early trade unions but more like mutual support foundations to further education through apprenticeships and protected trade practices. Switzerland saw the Watchmakers Guild of Geneva established in 1601, and France and Germany set up similar organisations in the same century.

Astronomical clocks, made of wood and driven by water, existed in China as far back as AD 725. A delightful "timepiece" for the same period was a sort of candle clock. It had 12 layers of differently perfumed wax, so that, after a little practice, one could smell the time of the day.

In London's Guildhall, the Worshipful Company of Clockmakers maintains and exhibits parts of its collection of clocks and watches, which is probably the oldest in the world. It also has a copy of the earliest known printed book (1547) about a clock by the Italian Michelangelo, and also a copy of Pietro Bembo's Epistola (1535) in which the first mention of an alarm clock occurs.

Turret clocks have been built into church towers for centuries. A very early English example can be seen in its last resting place - on the floor in Salisbury Cathedral. Copernicus (1473-1543) lent his heliocentric theories to the development of the clock, and Galileo (1564-1642) proved that the length of a pendulum not its amplitude, dictates the time of its swing.

Today, Japan is a world leader in the manufacture of timepieces. The first recorded mention of a mechanical clock in Japan was soon after 1550. About 50 years earlier Peter Henlein of Nuremberg is credited with the invention of the mainspring, and clocks became portable, succeeding pocket sundials.

Thomas Tompion (1639-1713) is one of the greatest of all English clockmakers, and well earned his burial in Westminster Abbey with his developments of lantern, longcase, bracket and carriage clocks.

During the years between 1770 and 1840, France dominated clock making in

CLOCKS

When there was little time on hand

The market for simple mantel and wall clocks continues to be steady

Europe. The greatest French maker was Abraham-Louis Breguet (1747-1823), who, among his other achievements, invented the tourbillon watch movement and also the Tact watch for the blind.

The term carriage clocks has a special significance. In 1894 the world was divided into 24 time zones, at the International Meridian Conference in Washington. Accurate timetables were essential by then for America's new transcontinental railway transit system. In spite of France arguing for Brest, Greenwich was voted the prime meridian among the longitudes, which saw the end, for example, of time differences on main carriage routes even in southern England. Kristen Lippincott, curator of the Old Royal Observatory, and director of the Greenwich Meridian 2000 Millennium project, comments: "There is no doubt that Greenwich, as the world's home of time, will become one of the main pilgrimage sites in the world for the millennium year."

Greenwich Mean Time (there are now many GMT wristwatches, pocket watches and clocks on the market) is defined by the position of the large Transit Circle in the Old Royal Observatory. It was built in 1850, and the cross hairs in the eyepiece of the circle precisely define longitude 0 degrees. After the 1894 decision a "time ball" dropped once an hour on the hour in Greenwich. Some owners of pocket watches would therefore gather to record exact times, and then set off to sell "the time of the day" to wealthy households possessing clocks. Even today requests for "the time" are common.

Nineteenth century America produced sturdy mantel clocks in huge quantities, and with the arrival of the coast-to-coast railway system there, clocks were installed on most railway stations. In the days before pocket watches became common. This was before the arrival of the Ingersoll brothers' one dollar timepiece. "The watch that made the dollar famous" was their promotional advertising copy. Town halls and department stores all over the world started to install big public clocks, as a perceived service to passers-by. Tiffany has long been renowned for its steel timepiece outside its store on Fifth Avenue, New York.

One of the world's pre-eminent outdoor mounted clockmakers is John Smith and Sons, at the Midland Clocks Works in Derby. This old-established family company is now chaired by Nicholas Smith, a past Master of the Worshipful Company of

Clockmakers. A recent example of its trade can be seen in the control hall of the newly-restored Smithfield meat market buildings, located on the southern edge of the ancient clockmaking district of Clerkenwell.

There are no watchmakers in the UK, but Smiths of Derby flourish with their clock manufacturing. The Merdeka Palace Hotel in Kuching, Sarawak, Malaysia, has installed a Victorian-type clock which was started on March 15 this year. Smiths were inspected by the developers of the hotel, and received the order in October 1997. It was installed in good time for the grand opening ceremonies on the 12th of this month.

The basic clock took 150 hours to make, is three metres in diameter, in skeleton form, and has a special master clock to keep the main piece going for up to five days without power. The clock's comprehensive bell sound system is programmed to give the familiar Westminster chimes at each quarter of an hour, and it also plays specially produced Malaysian tunes. So delighted was the client that the manufacturer's company logo is illuminated on the dial at night.

On a smaller scale, the Rapport family company is celebrating its centenary this year in Cardiff. Its best seller is the carriage clock - still with a handle on the top to hang it up in horse-drawn carriages.

Asprey, in London's Old Bond Street, regularly stocks antique carriage clocks, which can cost up to £16,000 and more. Early English examples do well. These are not rivals to the clocks which the London Clock Company imports, mainly from the Far East, with European dial names. The market for simple, inexpensive, everyday quartz mantel and wall clocks continues to be steady. Seiko add a "tick" to their wall-mounted kitchen clocks.

Innovations continue to abound. Vittoria Scialla of Diamant Clock Company, based in Turin, has produced a wall clock called Absolut made entirely of glass - movement and all. Van Cleef & Arpels have produced a new and expensive gypsy "mystery" clock called Gallée, and it really is impossible to work out how it gives the time, unless you are in on the secret.

At the other end of the scale, less than £20 buys a quartz Bird Song clock. When the hour hand reaches a depicted bird, its song will sound - and they are all different. And, it goes quiet at night when household lights are turned out. But, like all good clocks it goes on showing the time.

Asprey's Tutti Frutti clock. A fabulous clock at a fabulous price

Part of the movement of a clock made entirely out of glass by Vittoria Scialla in Turin

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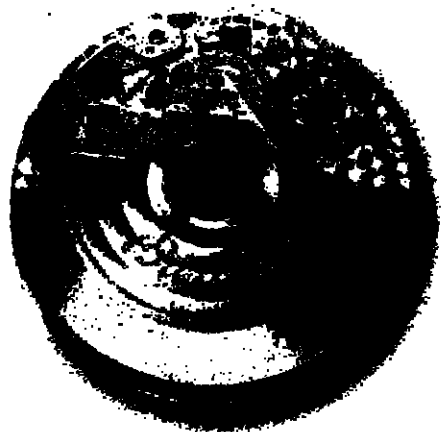
CHRONOMAT FOR EVER

Success Story

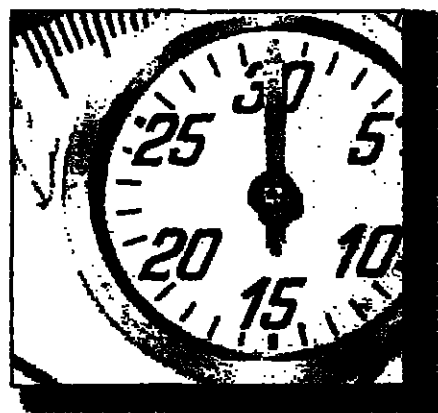
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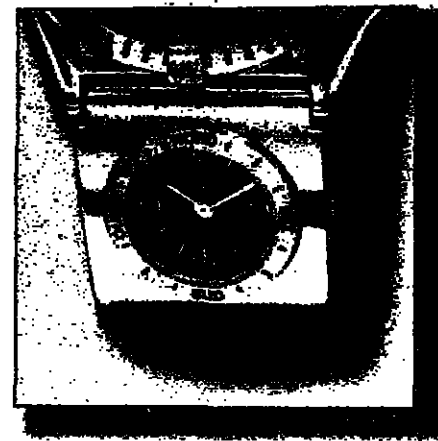


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WORLD TIMERS

The best of all worlds

Most of the leading brands cater for international travellers

A conference in Washington DC in 1884, after much discussion, divided the world into 24 time zones, which have remained unchanged to this day. The time lords invited were only the allies of the United States, and France was the country which initially created the most controversial question. Soon it was decided that Greenwich, and not Brest, would be recognised as 0 degrees longitude - but it was agreed that the proceedings would be printed in French as well as in English.

As ever the Swiss were quick into the market for universal timepieces, with the railways and ocean-going liners bringing an awareness of this new focus on the time of the day. The International Museum of Horology in that great watchmaking centre, the town of La Chaux-de-Fonds, has on display a pocket watch made by J.L. and A. Béguelin in 1885 in Tramelan in the Jura mountains. At this time the town was busy manufacturing

timepieces. The pocket watch was dubbed a sphere-ometer by its constructors; it had two sets of dial markings, one within the other - one for the universal hours and the other for the exact minute of the meridian in the city names depicted. This beautiful enamel piece has a diameter of 62mm.

The same museum possesses an earlier view of time. It is a French-made pocket watch, c.1780-1785, which shows the Republican 10-hour day and a 30-day month, as well as Gregorian time.

Britain tackled the problem of railway timetables as early as 1847, when they were regulated by the time ball at Greenwich which dropped down its 15 ft mast at 1pm daily. Pocket watches were timed to the moment of impact, and sailors departing on voyages down the Thames and out to sea gained an accurate start for their chronometers. Greenwich Mean Time commenced at midnight on December 31, 1840. GMT was not adopted by France, still no doubt in a huff over the 1884 Washington conference results, until 1911. Cleethorpes in Humberside is well in touch with GMT. The meridian line runs through it, and it has a

metal strip on its forehead to proclaim the fact.

Perhaps the most remarkable world timer was finally achieved by the French House of Leroy in 1900, when its pocket watch won the Grand Prix at the Exposition Universelle in Paris. It took five years to construct, and involved 26 complications (different functions), 975 different parts at four different levels between platforms, with an 18ct yellow gold case weighing 226 grammes.

Specially incorporated for its Portuguese patron were, for example, times of the sunrise and sunset in Lisbon, the northern hemisphere sky above Paris and Lisbon correctly depicting 23 stars above the French capital and 560 above Lisbon, a compass, a barometer, an altimeter, the time in 125 world cities, the seasons with their solstices and equinoxes, the months of the year corrected for leap years and a year indication for the following 100 years. This incredible timepiece is now exhibited at the Museum of Time, Palais Granville, in Besancon. The curator there does not know if the year date window understands the concerns of the millennium "bomb"... it was, after all, launched in 1900.

Today, most of the leading watch brands have in their catalogues a world timer wristwatch, at a time when international business travel is steadily increasing. Global travel, both for business purposes and personal pleasure, will never, short of some international catastrophe, decrease, and watch manufacturers are therefore surely correct in their market assessments.

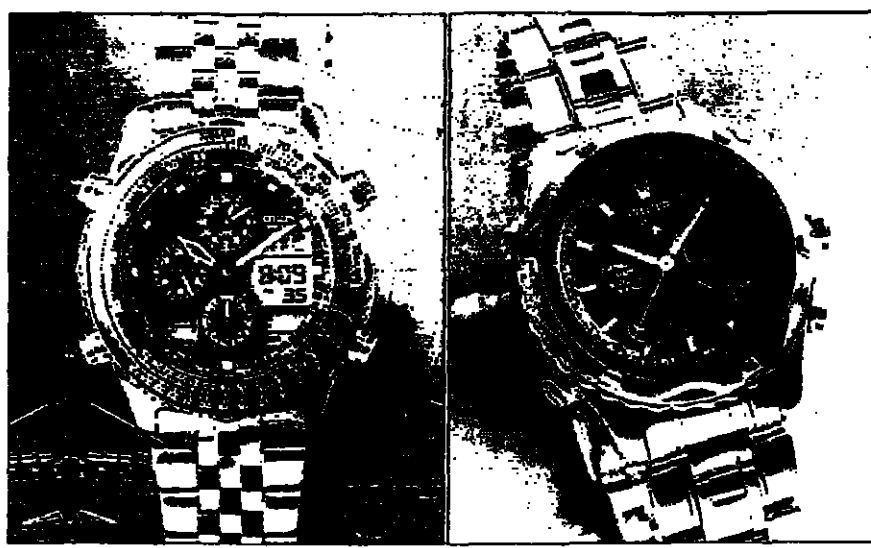
The Swiss maker Oris has just launched its Jules Verne World Timer in a numbered limited edition of only 250 pieces, in a round 18ct pink gold case, with an automatic mechanical movement. It has on its dial two separate adjustable subsidiary time dials and a forward/reverse date switch, and it has a date window at 6 o'clock. Even the buckles on the crocodile leather strap are 18ct rose gold. Oris has also produced a handsome non-limited version with a black dial at a more modest price, with a choice of bracelet or strap.

The London jeweller Theo Fennell has produced an own-brand duo-time wristwatch of classic simplicity. The whole dial and the two time dials are in mother-of-pearl. Audemars Piguet's Millennium Dual

Time is an eye-catcher, in its horizontal oval case. It has an automatic movement, as does the Royal Oak Dual Time by the same maker. The Royal Oak wristwatch, with its ship's porthole appearance, has been popular since 1972.

Breilings Aerospace Minute Repeater also offers two time zone indications, but with this difference - the wearer can obtain an audible indication of the hour and the minute simply by pressing the winding crown.

The Citizen Promaster Navistur gives indications of the date and time in 24 capital cities in a digital display at the press of a button. The quartz watch, in stainless steel, is designed for racing sailors, and it cleverly incorporates two race times. The sweep seconds hand goes backwards from 10 minutes to one minute, and then gives the seconds from 50 to the "off", with the last five in audible tones. Then the watch switches automatically to a normal chronograph (stop watch) mode. Elab's Voyager allows time zone travellers to note the time in 23 cities around the world as well as GMT. On changing a zone the bezel has to set the hands to local time, which moves the inter-



Citizen Promaster Navistur (left) which tells the time in 30 cities world-wide at the touch of a button. Citizen Promaster Eco-Drive World Timer (right) which tells the time in 24 cities world-wide at the touch of a button. This watch is powered by light and needs no battery change.

nal time ring automatically. After this the new local time at 12 o'clock in all the other cities can be noted. Jaeger-LeCoultre's Master Geographic is another timepiece from a great maker which features 24 cities on a rotating disc, part of which can be read through a dial at 6 o'clock. In platinum, at \$16,000 retail, it is a fine present for a company chairman who travels the world. Collectors of world timers should be on the look-out for wristwatches from the 1850s and 1900s, before the so-called quartz revolution hit the Swiss watch industry so badly. Such models include Audemars Piguet's

Philosophique, with its simple hand and its winding crown on the back. Patek Philippe's 1855 world timer, which allows simultaneous records of times in selected worldwide cities. Breitling's Unitime (c. 1965). Tissot's Navigator (c.1975). Enicar's Sherpa Jet (c.1965), and an automatic by Juvenia, also from the mid-1960s. The Gruen Precision (c. 1960) had 12 time windows; its correct time markers, in Arabic numerals, changed every 12 hours.

Antiquorum are today and tomorrow conducting an auction of "Important Collector's Watches, Wristwatches and Clocks", and the star lot

this evening (the sale starts at 5pm at the Hotel des Bergues in Geneva) is a world timer made by Patek Philippe in Geneva in 1953. It is an 18ct pink gold gentleman's round mechanical piece with a polychrome enamel dial representing the map of North America. The winding crown at 3 o'clock adjusts the hours and the 24-hour ring; the crown at 9 o'clock turns the ring to any of 30 cities and towns. The world time system, invented by Louis Cartier, should again attain prominence this evening in Geneva, because Antiquorum are expecting a world record for such a timepiece.

JEWELLERY

Precious stone age continues unabated

The Basle show witnesses a big trade in gemstones as well as jewellery

With fewer than 20 gemstones regularly cut for incorporation into pieces of jewellery, the market prices for carats, though shifting, are widely established. The actual setting of, for example a finger ring, may not count in the market price, of the piece. On the other hand some famous makers, such as Boucheron, Cartier, Harry Winston, and Van Cleef & Arpels, have, over many years, created unique pieces of jewellery which will always maintain or increase in value - particularly if their first owners were famous in some way. The late Duchess of Windsor's collection provided one example of this inescapable market profile.

All big auction houses hold regular sales of jewellery and raw gemstones, and "ownet association" is emphasised where possible. A bracelet once owned by Marilyn Monroe is always going to fetch a higher price than a more or less similar piece. Butterfield & Butterfield, in its long-established simultaneous sales in Los Angeles and San Francisco, has always been well placed to attract jewellery pieces from the estates of film stars' families. Antiquorum, established in 1974 in Geneva, is wise to this trend, and is expanding its programme of jewellery and watch auctions in New York, where Oswald Patrizzi runs the operation. He is chairman of the board and chief executive, and his wife, long a gemstone expert, is jewellery consultant to the burgeoning New York auction activities. Along with Christie's, Sotheby's and other leading auctioneers, Antiquorum has its own web site.

The Basle World Watch, Clock and Jewellery Show annually witnesses a big trade in gemstones, both cut and loose, as well as finished jewellery items. The jewellery exhibitors this year number 1,365, and all will be relying on genuine and not

irradiated or falsified items.

The Gem Testing Laboratory of Great Britain was established in 1925, to attest colour, shade, origin (if possible), size and transparency. Many countries now have such laboratories. The most prestigious of these is commonly known as the GIA (Gemological Institute of America). Gem Trade Laboratory Inc is a wholly-owned subsidiary of the (non-profit) GIA, operating out of New York and California. A Gem Trade Laboratory Grading Report from the GIA is widely respected in the worldwide jewellery trade for integrity and excellence, and auction catalogues often refer to such reports to back up their pre-sale estimates of individual lots.

In Japan there are now some 30 laboratories undertaking gem testing and diamond grading. One is the Gemological Association of All Japan (GAJJ), the managing director of which comments: "Almost all consumers want to know the grades of their diamonds fully when they buy diamonds in jewellery shops, and even in small sizes." The GIA charges US\$80-150 for a grading report and US\$15 for a grading memorandum. In the US, the GIA invoices \$65 for a one carat diamond, with insurance, shipping costs, etc. extra.

The practice of hallmarking pieces of wrought silver, gold and platinum goes back more than 600 years. At one time there were several regional assay offices in the UK which were licensed by Acts of Parliament to stamp plate and jewellery with marks denoting country origins, assay offices, makers and dates. Thus hallmark guides are essential equipment for every exchange of goods - from Bond Street to boot sales.

Today, assay offices remain in London, Birmingham, Sheffield and Edinburgh in the UK and in Dublin, Ireland, governed by the Hallmarking Act of 1973. Other countries have their own marks, including Switzerland. Hallmarking is designed to protect consumers from fraud, or "passing off", but is currently a matter of some controversy because of a 1993 Directive from the EU in Brussels.

It is in draft form, and proposes that manufacturers, in member countries, can undertake their own markings, but it features an opt-out clause, thus removing consumer protectionism, and also allows European Union marks to be used in the UK.

However, Eric Poyser, a member of the British Hallmarking Council from 1974 to 1997, past president of the International Confederation of Jewellery, Silverware, Diamonds, Pearls and Stones (CIBJO), and past chairman and president of the UK's National Association of Goldsmiths, has his own view: "Compulsory hallmarking is an anachronism dating from the 13th century. Voluntary hallmarking on the other hand is valuable because hallmarking is so highly regarded. I am sympathetic to the assay offices, which maintain a cherished tradition, but we must not allow their instincts to become a priority over those of the consumer."

Diamonds have never lost their appeal. De Beers have announced 1997 sales of rough diamonds at US\$4.6bn compared with US\$4.83bn in 1996. Problems in Asia adversely affected its traditionally strong second half year.

International Jewellery London will be featuring Design 2000 at its annual event from September 6-9 this year. At this month's Basle Show 25 prize-winning jewels will be on display on the De Beers booth.

The Chopard display will be as busy as ever because Caroline Schaeffle's Happy Diamonds concept for wristwatches has been extended to rings and further jewellery items. This is a clever and successful example of cross branding which will surely continue through to other products for the luxury market.

Chopard's Casimir collection of jewellery now encompasses bracelets, earrings, necklaces, rings and wristwatches, and the Haute Joaillerie line will be in demand from traders. A watch definitely can be jewellery, and next week Chopard is presenting a watch to retail at US\$35m, encrusted with blue, pink



This diamond-encrusted watch has been created by English maker David Morris, and will sell for £1m

and white diamonds, with a total weight of 163 carats. No wonder it is called Chopardissimo.

At the end of last year, Anglo American Corporation formed AngloGold, which is intended to be the world's "biggest and best" international gold mining group. South Africa's largest company also controls De Beers. Bobby Godsell, chief executive of AngloGold, says that arm's-length relationships with Anglo American will be maintained. Anglo American also has a near majority holding in Amplats, a producer of platinum.

C.W. Corti, of the World Gold Council in London, confirms an incidental but fascinating fact about pure gold, which has a specific gravity of 19.32 grammes per cubic centimetre. If one troy ounce (about the size of a large garden pea) is hammered into gold leaf, for gilding purposes, it would cover a square measuring 23,104 sq ft - an area covering more than eight tennis courts. This statistic will not be a great concern for Japanese gold users at present. Gold jewellery sales there in the last quarter fell by more than 25 per cent.

Pearl jewellery is under threat through pollution, and the introduction of Chinese oysters into Japanese pearl beds is feared to be causing viruses in harvests. Mikimoto, founded by a noodle maker in the 1890s, and now the originators of some of the world's finest cultured pearls, uses only the top 3 per cent to 5 per cent of cultured pearls available. Its New Bond Street store in London is now showing its new freshwater "flat pearl" range, and Basle Show visitors will also be able to handle them with the respect that they warrant.

Fine pearls are ubiquitous, beautiful and valued, as they always have been.

MANUFACTURERS OF WRISTWATCHES

Up-to-the-minute makers

Some of the more traditional makers are constantly producing innovative models

Citizen of Japan produce more watches a year than any other company, mostly with quartz movements. Some of them are ingenious. Its Altichron gives a climber his height above sea level as he ascends a mountainside. The Ranges of Citizen, and also of Casio, do really fulfil the commercial cliché - "something for everybody". Some of the more traditional makers of mechanical wristwatches, such as Audemars Piguet, Cartier, Rolex, Patek Philippe, Vacheron Constantin and Zenith, are constantly producing innovative models, and sometimes in surprisingly low quantities.

There are only a handful of brands which produce their own mechanical movements. Girard-Perregaux is one of them, but the La Chaux-de-Fonds company also produces some of its own quartz movements. Leading brands with low production numbers, and a regular output of limited individually numbered editions tend to keep their values better than mass producers.

One of the great exceptions to this trend is Rolex, arguably the most famous watch brand in the world. Its annual output is rumoured to be in the region of 700,000 pieces, but they, too, keep their value, as auction houses can testify.

What the trade calls "complicated" watches can be divided into six classic categories: the chronometer (which can obtain an official certificate if it is of high accuracy, the minute

repeater (sometimes known as the banker's watch), the moonphase calendar, the perpetual calendar, the tourbillon regulator (invented by the king of the watchmakers, Abraham-Louis Breguet), and the ultra-thin chronograph (a stop-watch mechanism). Patek Philippe's list features these, and so does Blancpain for example.

Some wristwatches are unique in themselves. The Reverso from Jaeger-LeCoultre is a famous example. Swiss-born César de Trey, who invented the Reverso, was a gold denture maker in England in the 1920s, and he serviced British Army officers in India. They complained about their wristwatches being smashed during polo games, and the idea came to him for a timepiece which could be slid in its case and completely turned. It was patented in 1931 and has been selling in a great variety of editions ever since. Another collectable Jaeger-LeCoultre watch is the 1855 Memovox, which was the first automatic wristwatch to be fitted with an alarm.

An enduring classic watch is the Royal Oak by Audemars Piguet. The two spongy, gentlemanly, started manufacturing in 1889, and each of their watches has been numbered and registered ever since. In the early years they manufactured under licence for companies such as Van Cleef & Arpels in Paris, and Tiffany in New York. The Royal Oak first appeared in 1972, and was the first luxury wristwatch to be made in stainless steel.

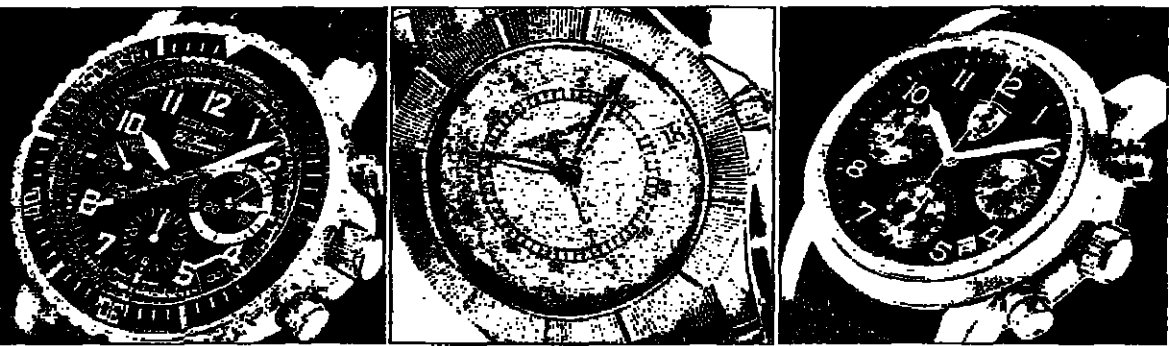
Franco Colnaghi of Cartier, Paris, is the president of the Association Interprofessionnelle de la Haute Horlogerie (AIHH), which vigorously promotes, via a careful set of codes, very high standards of product and retailing

among its members. Watch manufacturing members include Audemars Piguet, Baume & Mercier, Blancpain, Breguet, Cartier, Corum, Franck Muller, Girard-Perregaux, International Watch Company, Jaeger-LeCoultre, A. Lange & Sohne, Omega, Piaget and Vacheron Constantin. The AIHH has recently published a finely produced colour illustrated guide to these great makers and also 114 luxury watch retailers around the world. Its free distribution has been cleverly organised with Relais et Châteaux, the quality international hotel guide.

A 42 per cent increase in sales by volume in the UK in 1997 attests to Zenith's successful policy of concentrating on the top end of the market. Mark Hearn, managing director for the UK and Eire, comments: "We make the very finest mechanical watches, built to last virtually forever if carefully maintained. And we hold on to our customers too, such as the excellence of our quality and service." Zenith's El Primero and Elite movements, made in-house, are world-renowned, and are used by other watchmakers.

After 130 years in the business, the Le Locle company continues to innovate. It is, for example, the only company making square watches with mechanical movements and curved sapphire glasses that are water-resistant. Zenith are also one of the four manufacturers producing ultra-thin mechanical wristwatches specifically for women.

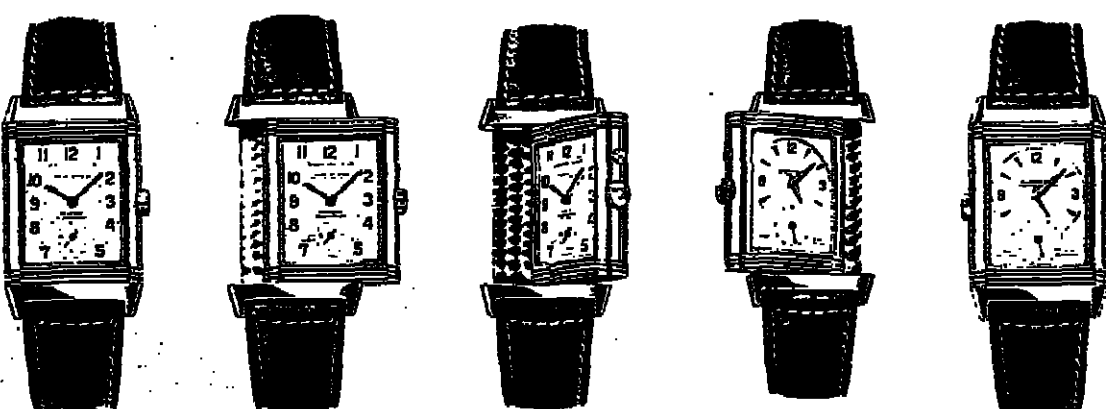
The Geneva-based family company of Chopard has long associated itself with sporting events, such as the Mille Miglia, and produces watches to commemorate them. Chopard has just announced a commercial involvement with the annual Cannes Film Festival. Chopard Philippe, which was established in Geneva in 1945, has long been recognised as one of the world's great makers. Queen Victoria bought one of their watches in 1851, the year in which the two names first appeared on a dial together. This year there are two smart new additions to Patek Philippe's well-known Calatrava collection, which has been available since 1932. There are also additions to its Neptune sports collection. Both now come from Patek Philippe's huge new factory in Geneva. If there is a single brand that constantly dominates the top lot position in auction results tables, it has to be Patek Philippe.



Zenith's new Rainbow Flyback (left) featuring the famous El Primero automatic movement. One model in the Neptune sports collection (centre) by Patek Philippe. These automatics are for men and women. The Girard-Perregaux Four Faranti chronograph (right), which is available in three automatic models

JAEGE-LECOULTRE

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